

THE WEB OF POVERTY

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B. D. Sharma

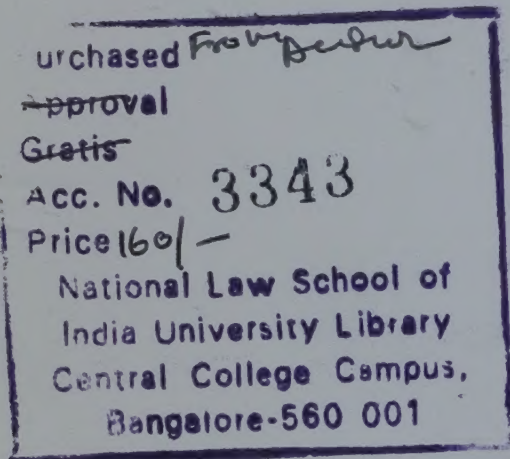


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SECTION I
A N A L Y S I S

The Web

The phenomenon of poverty is an extremely complex one. It cannot be explained in terms of simple cause and effect relationship or even by a combination of these relationships. Conventionally poverty has been ascribed to inadequate natural resources, lack of skills, technology and capital for development of resources, lack of motivation, deprivation of fruits of labour, exploitation and such like. But experience shows that poverty may persist even after the apparent cause was removed. Careful study of such incongruous situations gradually revealed circular chains of cause and effect relationships. This leads to the conclusion that the poor are poor simply because they are poor. There is a vicious circle of poverty.

The concept of vicious circle was an important step forward in the analysis and appreciation of the conditions of the poor. This analysis, however, largely concerned the economic relationships to the exclusion of even some of the crucial non-economic forces. Poverty has many dimensions and intricate interlinkages. The forces responsible for poverty have a web-like structure. The person coming under the sway of any one of these forces gets caught in the web and becomes subject to the other adverse forces as well, one by one. He is gradually drawn to its centre where the effect of all the adverse forces taken together is maximum. More often than not, he is broken and rendered destitute much before reaching that limit.

This web is insidious. Or else, how do we explain the persistence of abject poverty and emergence of phenomenal affluence at the same time notwithstanding a commendable record of development after Independence and our commitment to the establishment of an egalitarian social order. The articulate may have their explanations for this—weighty and wise. But the perception of the common man is simple and clear. It is beautifully summed up by the Bhattara belle as “*Ramachandro Phoolbari Re...Danda Mali Re...*” (Hai, in this garden of the God, the gardener is the rod).

This web has tremendous built-in resilience. As one force is countered by cutting a thread, some other may be strengthened, neutralizing its effect completely. For example, the poor are heavily indebted and a law is enacted to liquidate all their existing liabilities. But the poor man is not so much concerned with the legal form; he has a promise to keep. So he

must pay. It is a matter of honour, and honour he cannot afford to barter. Even if an infidel amongst them were to decide to defy that code of honour, the matter is not simple. It is a challenge to the system and may herald its collapse. The articulate convene the village council. They deliberate on the grave new situation. They decide on imposing a penalty of an equal amount or more on him for that heretical act, not directly though, but on the pretext of some other lapse, real or imaginary. A righteous moneylender may create an embarrassing situation for the innocent by asking him to declare that he owes naught in a temple or with a jug of holy water in his hand, or while holding the arm of his elder son. The toughest opponent may crack up when the village priest refuses to perform the necessary rituals at the long-awaited birth of the first son and the wife rebels against him for the welfare of her child and forces him to behave.

The silvery threads of this web are illusive, elastic and strong. They may remain unaffected even under tremendous pressure. The State decides to cut one of the vicious circles of low investment and low productivity. It provides a package of goods and services to the poor in kind and cash as loan and grants. But even an application involves some expenses, not to speak of the heavy cost associated with other formalities. The petty official does not share the perception of the policy-maker. He demands a cut in the undeserved windfall. The current liabilities are obviously the first charge and the creditors keenly await the day of disbursement. And whether he should meet his current needs by incurring a fresh debt or, for once, pay in cash is rather a difficult choice. That he can wait for some better days to solemnize the marriage of his grown-up daughter does not convince his wife. The one who succeeds in crossing all the hurdles may discover that he has the credit, but inputs have not arrived, he is too late to catch that agricultural season and should wait for the next. And even when everything may go well, a nut may fall out bringing his pump engine to a halt at a time when he badly needs the water, not knowing what to do. Every agency has done its best in that game of a zero-sum, for which he is obliged to each. It is his luck or bad luck, whichever way one may take it; but that tricky circuit in the web remains uncut and has become still more vicious.

The world of the poor is a simple one and an organic whole. It does not admit subtle distinctions of the formal system. Therefore, adoption of one of the conventional frames and the associated value-laden concepts and terms for understanding the web in which the poor is trapped, has serious limitations. It will be preferable to move on with the last man and trace the visible events to their roots in the system and try to identify the motive power behind them. The genesis of some of these forces is in the differential operation, malfunctioning and even manipulation of the macro-system. It is an irony that deprivation should be a product of development and a large section of population should face its severe backlash. The micro-world of the common man is equally complex with inequitous economic relationships, deep-rooted social prejudices, mystical operations of a

partisan administration and vicissitudes of even some democratic processes. The vested interests are ubiquitous which operate openly and also under the garb of rationality, modernity and even radicalism.

Any presentation of the national scene from the perspective of the deprived is bound to be one-sided and gloomy since the reality of his life is adversity personified, for which he would like an explanation. It is not our intention to deny or undermine the achievements. But in the glare of commendable achievements, the contradictions have sharpened. Therefore, the probe has to be deeper, relentless and ruthless.

Analysis

The first basic formulation in our presentation is that all wealth in a nation is actualised through the labour of its people, working singly or in groups, with their bare hands or with tools; the only rational explanation for a situation where a worker at the tail end does not have sufficient even to eat while the man at the top wallows in wealth is deprivation. The use of the term 'poor' is misleading. As Gandhiji said, this man needs liberation.

The economic system is concerned with the production of goods and services and their distribution. Distribution is a reflection of built-in entitlements of different partners in production and other constituents of the larger system. The production itself can be traced to four basic elements viz., nature, labour, technology and organisation. Our stand is that the legitimate entitlement of an individual is relatable only to the 'additive' due to his own labour input. Nature's contribution and other additives due to the two non-labour inputs are the common heritage of mankind. Every man irrespective of his place in the system has an equal claim on them.

The distortions in distribution arise on three counts. Firstly, the valuation of additives due to the labour inputs is highly biased and ethnocentric. Secondly, exclusive claims are staked by individuals and groups on Nature's contribution and additives due to non-labour inputs by virtue of their vantage position in the system depriving others of their legitimate share. Thirdly, people may be deprived of even a part of the due returns for their labour inputs not to speak of the usurpation of the benefits due to other elements accruing in their hands. Both these processes operate at various levels beginning with the individual, through groups and institutions—small and large, to the system as a whole. They may be direct or subtle and imperceptible. The large net proceeds in the form of wages, incomes and other benefits are sought to be justified and legitimised using a variety of rationalizations and subterfuges.

The most subtle processes operate at the level of the macro-system itself. The organised urban sector particularly in the metropolises in our country is growing in the image of advanced Western economies. It is behaving like an extension of those economies rather than as a leading sector of the national economy. A small group of neo-capitalist farmers has joined the ranks of the organised urban. This group is claiming parity

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only for itself with the members of the organised sector unmindful of the interests of the rest of the rural people. At the other end, the destitute in the urban substratum is really an extension of the deprived in the village. Thus, a dualistic economic order comprising the urban-organised and capitalist farmers and rural-unorganised and urban destitutes as the two major groups has emerged and is gradually consolidating itself. This dualism is the end result of operation of four basic dichotomies in our national life, viz., organised-unorganised, urban-rural, educated-uneducated and privileged-underprivileged caste groups besides the nascent geographical polarisation along a west-south and east-north axis.

The highly inflated, self-centred entitlements of the organised-urban are being sustained largely by (i) cornering of dividends accruing to the national economy due to technological inputs directly in the modern industrial sector or indirectly through technical collaborations, imports and other transactions with advanced countries, (ii) expropriation of the additives accruing in the unorganised rural sector through heavily loaded exchange equation and machination of the money system. The daimonic-demonic character of money is responsible for the setting in of a 'benevolent-vicious spiral' blessing those who have and destroying those who have not. A dual process of marginalisation is operating, one at the base in the rural sector and the other at middle levels in the urban sector stripping clean all those with moderate assets who make a bid to join the organised. The economic dualism has the support of the powerful administrative system which is a co-sharer in the illegitimate gains being a part of the organised. The administrative system is also responsible for substantial invisible transfers, regular and otherwise.

The big differential in the quality of social services, especially education and health services, is causing large scale transfer of current incomes from rural to the urban sector. There is little appreciation of the great role which education can assume as a force for liberation and the shield of the deprived. The result is that for the millions even a reasonable level of elementary education is out of reach, while the tertiary education is growing phenomenally unabated.

Education is largely serving the elite groups being attuned to the needs of the modern organised sector. By the same token, education in its present form is proving to be dysfunctional to the traditional rural economy and accentuating the processes of deprivation. Instead of playing the role of a social leveller, education has emerged as the biggest stratifier in modern India. The irony is that this role is legitimised by ubiquitous vertical mobility which in the overall context is now a mere trickle. The deprived in the nation are under the spell of a new version of *Karma* (educational qualifications earned in the early age) and *Punarjanma* (hope for better performance in the next generation).

Theories

The traditional dichotomy of the higher and lower castes has been

greatly reinforced although its form has changed and the outer manifestations are softer. The major benefits in the organised and the urban sectors have so far gone to the members of higher castes on account of their early lead in education, proximity to the new centres of power and command over resources in the rural areas. The second wave aspirants, who in addition include members of middle castes as well, are facing a big block as the pace of growth of the organised sector has slowed down and women, belonging to the higher groups already in, are entering the employment market in big numbers. As functional specialisation is occurring within the traditional occupations due to increasingly higher technological and organisational inputs, those parts which yield higher incomes and are more congenial are passing over to members of the higher castes. The drudgery, less congenial and unremunerative portions have remained with the traditional castes. This is accentuating the pace of marginalisation and de-skilling of the members of traditional lower caste groups. The 'skill-less' and other landless deprived of the village are crawling into city slums, while the higher groups are imbued with the illusive aspiration of joining the organised affluent in the town, failing which they are tightening their hold on the rural poor still hard.

The geographical polarisation is the product of a number of complex processes beginning with the large scale expropriation by the British from the then 'advanced regions', accrual of some fall-out benefits with multiplier effect to those areas in vantage positions, change in the regional resource potential matrices, non-utilisation or under-utilisation of natural resources and new politico-administrative development. A 'reverse periphery-centre' relationship is getting established in the country which has not evoked even a serious discussion in the tumult of the struggle for power and the associated glitter of the political hegemony enjoyed by the 'centre'. In sum, the organised-urban-educated-higher caste configuration represents the affluent pole which attains its pinnacle in urban centres like Delhi and Bombay in the west-south. The unorganised-rural-uneducated-lower caste pole represents the core of poverty descending to abysmal depths in the Central Gangetic Valley in the north.

The big drain on the rural economy due to the collapse of the self-governing village institutions, the city-orientation of an increasingly complex administrative and institutional infrastructure and the dualistic welfare is well-known but remains unacknowledged in the sectoral accounting. Even a mention of the big squeeze on the economy of the poorer sections of the community and their marginalisation in the milieu of pseudo-modernity may be ridiculed. This milieu has been engendered largely by the self-centred stances of the elite on the new life-style which includes free drinking, vulgar consumerism, new family structure as also the role of community and the formal institutions in the individual's life. Thus, a situation has been created where the invisible flows, due to all the non-economic factors taken together, from the rural-unorganised sector to the urban-organised sector, have become so large as to be sufficient to meet

the requirements of the goods of rural origin for the sustenance of the latter in full, dispensing with the need of any trade between the two. This virtual dissociation of the organised from the rest in the economy coupled with its near exclusive command over technological additives has created a state of near perfect dualism. This explains why the organised sector can grow and flourish on its own in the image of a feudal lord or colonial power unrelated to the conditions in unorganised sector, particularly in the rural economy.

We have also considered the question of the people's contribution to the capital formation for national development. There is an impression that those in the organised-urban sector are being required to carry the cross. This is a myth. The level of overall consumption by this group is much higher than its contribution to the national economy. It is also successfully passing over the entire burden of taxes with a multiplier to those in the unorganised rural sector. Therefore, the entire capital formation is being required to be supported by the rural sector causing a deep cut even into the wages of the deprived. The irony is that this is not even acknowledged. This sacrifice by the deprived is not really called for. The Nature's contribution and the additives accruing to the national economy due to the non-labour inputs are quite substantial which are more than enough to support necessary capital formation besides meeting the cost of essential non-developmental activities of the State. This aspect of our national accounting needs an honest presentation so that conscious decisions can be taken with regard to equitable sharing of the costs of national development by the people.

Perspective

In the face of highly inequitable inter-sectoral equations the impact of poverty alleviation programmes can be marginal at best and inconsequential in the total context. A concerted action is necessary at numerous points at different levels. The loaded sectoral equations as also the aberrations and distortions in the administrative, political and social systems need to be tackled effectively at the macro level. At the other end, it has to be ensured that the deprived get due returns for their labour inputs and also due share in other dividends accruing to the national economy. There is a need for a clear perspective about all facets of national life as also a comprehensive frame for action. This point appears to be the weakest spot in our national scene notwithstanding the great Gandhian heritage. The inter-linkages amongst the economic system, the political, administrative and social institutions and the basic value frame have not been even seriously considered, not to speak of working out a comprehensive and consistent national agenda for action. It is necessary that basic premises underlying the goal of economic development rooted in our rich culture and great tradition are spelt out so that certain guiding principles are available for emulation in the national life. Accordingly, a preliminary frame is presented before taking up the issues relating to

specific programmes of rural development and eradication of poverty.

There is a general belief that five-star-slums dualism is a transitional phenomenon associated with the structural transformation of the national economy. This needs a critical examination. A review of the population-natural resource base of the nations of the world and their history of economic development leads to a four-way classification thereof. The nations of South-East Asia including China and India form one group. They are in a unique historical situation having an unfavourable population-natural resource matrix with frozen international borders and a parasitic international economic order. Consequently, our country cannot afford to follow the example of others in the design of our developmental strategy. Our response to our unique historical situation has to be our own.

It is generally accepted in principle, though not in practice, that development cannot be equated with per capita consumption of physical goods. This has a special significance in our context. The life-style of advanced countries even with a limited population to support and extensive resources at their command, including the resources commandeered from the Third World, has become an ecological hazard. It is clear that this model in the context of our resource-population matrix cannot remain ecologically viable even for a small section of the total population. Therefore, if the present spree of consumerism continues, a choice will have to be made between ecological disaster and social equity. The five-star style which our elite is emulating from the West, therefore, can be sustained only by violating social equity norm. In that case, the five-star-slums dualism has to be accepted as a permanent feature of our national life.

This brings into focus two aspects of the national economy, viz., the composition of national production and the style of consumption. What use is being made of the big production system is crucial both for the intrinsic strength of the economy and equity. Vulgar consumerism is made possible by the obnoxious processes of cornering the gains of development and deprivation. Therefore, consumerism is directly responsible for the persistence of a fiery zone of hunger below the poverty line and trading off of liberty by a significant section of our people. Unfortunately, even this group of the deprived is dazed by glitter of mass-produced goods of little value and hypnotised by the blare of entertainment-machines. Cheap consumerism is proving to be the new opiate of the poor. These facets of deprivation escape all formal definitions of poverty and associated statistical abstractions. Those who are sensitive to these issues should take a lead and work out national norms of consumption of goods and services consistent with ecological constraint and social equity norms. These norms should be strictly enforced so that destructive and vulgar consumerism is erased from our national life paving the way for the disappearance of destitution.

Technology in association with the mode of production provides the base for structural transformation of the economy. The contribution of technology to the production in the modern world is phenomenal. Nevertheless technology cannot be accorded an autonomous status. To expect the

social and the economic systems to adapt themselves to given technological parameters developed in a different social-economic setting is, ex hypothesi, unscientific. Moreover, the fact that capital-intensive high technology based secondary sector is not able to absorb additional labour force and redundancy is already afflicting the outsized tertiary sector cannot be ignored in a labour surplus economy. Harmony with, not command over, the nature should be the guiding principle. While full advantage of global advances in technology should be taken, its context has to be national. Technology needs to be tamed to subserve the social goals. While drudgery should be erased from national life, dignity of labour must be accorded a high value. Not only a large section of Indian people must depend on labour-based economic activities for a long time, but also the place of labour as an essential condition of human life has to be acknowledged. If the socio-economic dualism, which is being reinforced by ubiquitous and unprincipled use of technology, is to end, technological dualism has to be accepted as a national policy. The latest technology may be used with necessary adaptation in a core area including public health, which should be carefully delineated but the main thrust should be on the gradual upgradation of the existing skills and technological base of the common man.

As the level of technological input rises even in the dualistic technological frame, the labour input for production of essential goods and services needed for the economy will be reduced. The advanced Western countries have used the extra capacity for production of non-essential goods. They have even allowed the machine and its products to inundate their leisure time. This choice is simply not available to countries like India and China because of ecological constraints; even the advanced countries have reached a limit. But there are no constraints on the production and consumption of non-physical goods. Therefore, the composition of the gross national product acquires a special significance. Moreover, the life-style and the associated consumer behaviour depend on the cultural setting and value system of a people. This underscores the need for some basic decisions at the national level about the concept of the quality of life. Or else, we may be taken unawares and may find ourselves moving unconsciously in a wrong direction since these concepts tend to be influenced and drastically changed through the operation of the politico-economic system without explicitly stating so.

We cannot afford the final collapse of the community, nor the growing strain on the family in the Western style, lest we create a human inferno in which even the palliative of consumerism, which itself is a poor consolation, will not be available. The great edifice of *Vasudhaiva Kutumbakam* cannot be built on the debris of *Kutumba*. The family is the last citadel of human values in a formal world of logical structures, comprising standardised replaceable human-cogs eschewing all that is spontaneous, personal and human. The quality of life in the macrocosm of a nation, nay the world, is bound to be the reflection of the quality of life in the microcosm of its building blocks, the family. The traditional concepts of family and

community built around the cardinal principles of *rina* or obligations and duties; *swabalamban* or self-reliance can provide firm foundation for building a new social order. This can become a model for emulation by the rest of the world and a lasting contribution of India to the human civilisation at a critical phase in its history.

Our national perspective about the quality of life should be based on fulfilling minimum needs for physical sustenance and achieving optimum level of social services. The family should become the building block embedded in a small face-to-face community of human dimensions. This should be the guiding principle of organising city-life as well whose structure should not be allowed to be dictated by the machine and the system. In fact, the case of the Big Machine and Large Organisation made out by the vested interests in the system will not stand critical scrutiny if the heavy costs of transport, distribution, frictional losses, etc., are discounted, not to speak of the social costs. The net dividends of moderate inputs of technology in a decentralised system may be much larger compared to those in centralised high-tech systems. In sum, the objective should be to create a congenial setting for full realisation of individual potential, all of which should find expression in creativity, cultural accomplishment and a fulfilling of family and community life.

The tragedy is that such goals about social setting and quality of life are readily accepted but may remain merely a statement of intents and become a decoration piece in the introduction to the national plans. It is time that the perspective presented here permeates the national plan. All forces which are compatible with these goals should be strengthened while those running counter to them should be curbed. Many a pseudo-modern fad needs careful and critical examination. All economic and political institutions should be so designed that they strengthen the family bonds and the community frame. In particular, the family as a non-economic system should be protected from the onslaught of the market and opportunities should be created to make it vivacious. Education should become education for life attuned to the diverse roles of an individual and the wide spectrum of his social and economic activities.

The qualitative change in the setting from the face-to-face situation in a small community to larger formal systems should get reflected in the structure of all political, administrative and economic institutions. In a face-to-face situation every member of the community can understand and appreciate the issues involved and participate in decision-making. A quasi-face-to-face situation can be said to obtain at the next higher level comprising a small group of face-to-face communities, say, a few villages or an *Anchal*. The institutions at the village and the *Anchal* level should be in the mould of people's democracies responsible to the people in all respects. Their functioning should be so organised that the people can exercise the vested authority in a real sense. The jurisdiction of formal institutions should not extend beyond the block level. Their role in relation to village and *Anchal* level institutions should be advisory. The dialogue amongst

them should be as between equals eschewing all traces of the conventional superior-subordinate paradigms. The concept of democratic decentralisation itself is incongruous with the true spirit of democracy. It envisages decentralisation of power located at a centre. In a democracy, delegation of power can only be from the people upward through formal institutions at different levels like the block, the district, the state and the centre. A new paradigm of politico-administrative dualism with village and *Anchal* level institutions directly responsible to the people and the rest knitted in the formal democratic system will provide a viable frame. It will honour the democratic spirit within the limitations of the big formal system in a modern nation-state.

The next major task will be on the economic front. Equitable relationships should be established urgently as between different sectors of the national economy and also between different sections of people in the same sector. The formulation of an equitable national wages and incomes policy will be the first crucial step in this direction. In an agricultural country like ours, the net income of a small farmer with un-irrigated land should be accepted as the standard measure for determining the levels of wages and incomes in all sectors. Since individual skills and their application can be the only reasonable grounds for any differential in incomes, a factor of three between the minimum and the maximum would be more than adequate to accommodate those claims.

There should be parity in the prices of goods and services of rural and urban origins. The big distortion between them in the last two decades should be gradually corrected and a mechanism for automatic adjustment in future should be devised. All unearned incomes and value appreciations should be mopped by the State. However, the general approach in this regard should be to immunise the money through drastic enforcements of stringent consumption norms, rather than chasing it through shady lanes, dark alleys and deep crevices in its mystical territory. All investments should be diverted to production of wage goods and, if necessary, counterpart money should be created for that purpose. These measures will render money in undeserving hands lustreless and powerless.

The realisation of full production potential of the economy should be an essential concomitant of distributive justice. A major issue today is to make the organised sector yield the dividends due from it to the national economy. This sector has become too flabby. It should shed its extra mass. Superfluous entitlements like those engaged in the advertising business and the unnecessary burden on the economy of intermediation should be removed. The organised sector should be required to actualise the additives due to organisational input which, at the present, are tending to be negative. This explains the large scale substitution of capital for organisational failures. The members of the organised sector should be content with reward for labour input and a reasonable share in the additives due to non-labour inputs making available the rest for use in the larger national economy.

The invisible flows of current incomes and capital transfers from rural to the urban areas should be further checked by equalising the quality of social services like education and health. As the inter-sectoral equations become equitable the superfluous burden gets reduced and invisible transfers are checked, the rural sector will have much more to share amongst its members and the raw struggle for survival not only between the non-poor and the poor but amongst different sections of the poor themselves will relent.

In the anxiety for quick gains, the specious premise of 'production first' and self-interest as the primary motive force for growth have not only ignored the great potential of 'equity first' but have led to the denigration of many a basic value of national life like contentment, work ethics and self-reliance. In the absence of work ethics and the associated objective relationship between effort and reward, consumerism is being sustained by spurious claims based on filial affiliation, caste, language, religion and region which is fuelling the divisive and destructive forces. The muscle man has no hesitation in jumping in and demanding his share which is sheepishly conceded to in the absence of any moral authority. This milieu is ominous since only hard work can provide a strong foundation for the national economy and a rational reward system can sustain it. This vital link needs to be established urgently beginning with the political life where it was first snapped.

Programmes

A review of the rural development and poverty alleviation programmes shows that even though the poverty issue has been highlighted, particularly after the Fourth Five Year Plan, it has not acquired centrality in national planning. A consistent and viable integrated developmental frame remains to be evolved even for rural development itself notwithstanding the launching of the Integrated Rural Development Programme (IRDP) which is merely an aggregation of a few schemes supported by Central funds. The Minimum Needs Programme and the 20-Point Programme are addressed directly to the poor. They have yielded some dividends. But these programmes are like an addendum to the Plan and have not changed its basic character. Our success on agricultural front is a testimony to the resilience and receptivity of the Indian farmer. But by the same token it underscores the failure of the system to present viable alternative choices to the vast majority of the rural population outside the core, particularly those located at the margin.

The biggest flaw in rural development programmes in general and poverty alleviation programmes in particular is their abject reliance on elite market. The organised elite have no doubt acquired the aura of 'centre' in the national economy. The entire national plan is largely attuned to their needs while all other interests are pushed to the periphery. But the scope of this market is limited both in terms of its physical capacity and choice of products. Further, the terms of trade, frictional losses and long lead result

in the inevitable failure of schemes and disillusionment. The focus of all the rural development programmes should shift to the smallest circle around the deprived notwithstanding the fact that the rural economy is facing the worst squeeze leaving little purchasing power with the people. A process of regeneration has to start at the other end and a beginning in rural development should be made with programmes for eradication of poverty. This will release the tremendous energy of the millions for national development.

The programmes for the deprived are schematic, partial and largely unappreciative of the micro-dynamics of the poor man's economy. The rural economy in general and poverty issue in particular are subject to interplay of very complex forces. They are not amenable to being presented in a clear, precise and logical formal frame as is the case with the modern industrial systems. Such a situation can be effectively handled only by sensitive individuals responsible for operating the administrative system. It is unfortunate that the role of individuals is not being fully appreciated and there is over-reliance on the formal system. In this milieu the answer to every problem is establishment of an organisation. The organisational multiplicity based on unrealistic specialisation has led to (i) partial goal achievement by individual organisations without accrual of the intended benefit to the poor, (ii) missing critical inputs depriving many a scheme of their essence, and (iii) emergence of intermediaries even in unexpected quarters as the system becomes too complex to be appreciated and handled by the deprived himself. The malfunctioning of the system has further reduced the efficacy of poverty alleviation programmes. The social background of those manning the administrative system has resulted in a new alignment of adverse forces making the position of the deprived still more vulnerable. The aggregation of statistical returns relating to programme performance from such a system is incapable of telling the real story.

An essential condition for eradication of poverty is the liberation of the poor from the processes of deprivation even in his micro world. The simple fact that an individual must have something to eat before he goes out for work is not appreciated by the over-fed power elite quibbling for brands, packages and containers. That even the concessional rate of interest erodes into the minimal wages of a marginal farmer and a landless labourer and that even the cooperative structure acts as a drain on the village economy are not realised. Our institutions are not equipped for meeting the small needs of the small man. Subsidy is at the root of many an ill plaguing the system and goes against the sense of honour and dignity which the deprived have in ample measure. In the deteriorating law and order situation, where the deprived is unable to defend even his honour, he cannot be expected to be enthusiastic about higher production in these uncertain conditions. What is needed is restoration of confidence, full accommodation of the urgent needs of the deprived in the credit system, remunerative wages, reasonable price for all his produce and an opportunity for building the base of a viable economy for each family.

A comprehensive frame for rural development and eradication of

poverty based on the experience gained so far and in the light of principles outlined above is presented for consideration at the end. Eradication of poverty cannot be the exclusive concern of some departments, nor its scope limited to a few schemes. Since deprivation is a product of the entire national system, eradication of poverty has to be a national issue and should permeate all programmes. It should be the central theme around which the entire national plan should revolve. The rural people comprise the mainstream of national life. It is their values, aspirations and attainments which should serve as models for emulation and standards of measure.

Eradication of poverty in the immediate context would require creation of employment opportunities at a reasonable wage-level. With the attainment of self-sufficiency in food, it should be possible to work out a strategy for achieving full employment. Full employment, however, should stipulate that any able-bodied person offering to work as an unskilled labourer should get a job at the minimum wage. Others can seek a niche in the system depending on the prevailing conditions. The long term goal in an egalitarian society with a large rural sector should be to provide each family a viable economic base for self-employment. Wage employment, regular or otherwise, should be an exception. The command over natural resources including land and capital goods which are a source of living for the people should be equitable. In particular land should be divested of its property character and laws should be suitably amended to accord it unequivocally the status of a source of living. Besides strict enforcement of land laws, the deprived should be assisted financially to acquire excess land from bigger farmers. In the present phase of our national economy, a couple should be treated a unit for the purposes of command over a source of living and employment. One job for each couple should be accepted as the moto.

All natural resources including non-agricultural lands should be optimally developed on a priority basis. Each family should be helped to capitalise the labour of its members for creating tangible economic assets of its own. The resources which are not individually owned including the wasteland should be developed following the principle of limited ownership of the individual on assets created by capitalising family labour and full infrastructural support by the State for its development and economic use. The wasteland is the last hope of the poor. It should not be allowed to be pre-empted by other interest groups.

The services rendered by the traditional occupation groups should be accorded full professional status. They should be accepted as the base for building up modern services and wherever necessary their skills should be suitably upgraded.

Every village should have a comprehensive plan covering all facets of people's life. The economic plan should aim at optimum development of its natural resources and capitalising the labour of the people in the village. The asset building programme should begin with the last man. This should be basically a plan of the people, for the people and by the people in the

village. Any reference to issues like 'trusting the people' or 'the preparedness of the people' to assume this responsibility is indicative of deep-rooted ethnocentricism. A process of learning by doing must start at the grass-roots. The open forum of the traditional Panchayats can be the only check against all forms of underhand dealings. The deprived can speak out even in the most adverse circumstances; such opportunities will increase in a well-developed system in which authority is known to vest with the people.

The village community should be responsible for management of all its affairs including natural resources, social services, maintenance of law and order, settlement of disputes and economic development. There should be a provision for automatic devolution of adequate funds for supporting all their activities without any intermediation. All functionaries at the village and *Anchal* level should be employees of respective Councils and responsible to them. The role of administrator should be that of enlightening the people about the policies and programmes of the State and that of a social auditor in relation to the affairs of the weaker sections of the community.

Measures for eradication of poverty are universally welcome but only so long as they are token goodwill gestures and marginal in character. If pursued beyond a point, their effective implementation hits the vested interest hard and poses a challenge to the established social order. Consequently, even the 'radical' elite confine their attack on inequity 'elsewhere' and generally preach social and economic justice to the rural folks ignoring the huge accumulations of ill-gotten wealth around which is directly responsible for accentuation of deprivation. In this context unless the deprived are organised, the vested interests, both old and new, will not relent and the system will generate counterforces to neutralise all positive moves for equity. An element of idealism and commitment for the cause, therefore, needs to be infused in the national life to sustain the national effort. The educated youth, properly motivated, are the best qualified for this task. A corp of student volunteers should be organised for working in the rural areas.

It may, however, be noted here that deprivation is afflicting the rural people as a whole. It is clear from the fact that in a majority of cases even minimum wages are not sustainable in the rural set-up. It is an irony that the clash of interests is sharpening largely amongst different sections of the deprived themselves. Therefore, the issues of inequity and deprivation cannot be resolved in isolation in the rural areas. A major task and a feasible strategy would be to work for a minimum package of reforms and sink the differences within the rural sector. All people there should join hands to wrest an equitable share for the rural sector from the organised-urban who are responsible for cornering of large dividends accruing to the national economy, which are really due to the people, and for depriving the common man of a reasonable return for their labour.

Thus, a comprehensive frame with a long-term perspective of national life and a scheme of action-points at various levels in the economy as also in the social and political life have been presented above. It cannot be hoped

that the entire frame can and should be adopted right away. But this frame will help in identifying the real nature of a variety of forces operating in the national life with reference to the final goal of establishing an egalitarian social order. To the extent this helps in neutralising the negative elements and reversing their direction, that goal will be easier to achieve. If in any process positive elements are weakened and negative forces remain uncontrolled the dissonance between the ideal and reality will increase notwithstanding the claims to the contrary.

One step in the right direction is good enough, provided there is no slide back elsewhere. This is the weakest spot in our system. Constant vigil is called for at every level to ensure that there is no slide back anywhere and the overall gain, however small, is always positive. The premises in this presentation are simple and strictly within the constitutional frame. In fact, nothing can be more radical than the constitutional goal of establishing an egalitarian social order. This is feasible provided the nation resolves to follow the Gandhian way.

Deprivation in Indian Society

The nation has made remarkable progress in a number of fields since Independence. Production of food-grains has crossed the 150 million mark which is over three times compared to the small base of 47 million in 1947. Industrial potential has risen sharply and India has attained the tenth position amongst the industrialised nations of the world. We have also the third largest stock of scientific and technical manpower in the world. (We have a comfortable balance of payment position with a foreign exchange reserve of 6,000 crore, rendering foreign assistance dispensable.) The record of establishment of institutional and physical infrastructure, extension of communication network, creation of irrigation and power potential, etc., is by any standards commendable. We can look back with a sense of satisfaction at this overall improvement in the national economy. Yet all cannot be said to be well. There is one important facet of our national life which is disquieting and is not in consonance with the otherwise bright picture: we still face the spectre of growing disparity between abject poverty and vulgar affluence, standing together with little prospect of change in that regard in the near future.

‘Growth with social justice’ has been accepted as the national policy from the very beginning of planning and a variety of measures has accordingly been taken. But it appears that so far as the establishing of an egalitarian social order is concerned, the problem is compounded by the disparity growing, i.e., the faster we move on the economic front, the greater is the effort necessary to maintain the same position. Alleviation of poverty is nowhere in the cards with nearly half the population being forced to subsist below the minimal levels of living, notwithstanding the growing GNP. In fact, the string of relative deprivation is now much stronger.

This persisting co-existence of affluence and poverty notwithstanding, the avowed objective needs to be analysed and explained. Development essentially comprises a basic structural change in the national economy. A small beginning in this direction was made in the latter half of the 19th century, but a really massive programme of directed change and development was initiated only after Independence. The new economic system, the outcome of the process of structural change, generally covers the industrial and the organised sectors, including modern social services and a wide

spectrum of the economic infrastructure. This system is largely urban-based. The agricultural sector and the associated secondary and tertiary services in the rural areas comprise the traditional sector. The structural transformation is expected, in due course, to improve the entire national economy, as happened in the advanced Western countries. The situation in the developing countries compared to that in the advanced countries at the corresponding stage of development, however, is quite different. First, the process in the case of the Western world was gradual, spread over a period of about 300 years, beginning with the Industrial Revolution. The pace of change in the developing countries now is much faster. Second, the socio-economic parameters in a country like India are entirely different. Consequently, the process of structural transformation cannot be the same as in the West. Though its precise nature and direction are not clear, the strains of change are quite severe and the pace of transformation appears to have slowed down calling for a serious review of the strategy of development.

The moving force behind the economic transformation is the new science and technology and the associated organization inputs for management of the system. The processes of socio-economic transformation and modernization give rise to a variety of powerful forces which affect different sections of the community quite differently. Some sections are greatly benefited, while others experience the backlash of the same processes. It may be noted at this stage that it is not for the first time that technological change has brought about an economic transformation of human society. The first great transformation occurred when man graduated from food gathering and hunting to pastoralism and shifting cultivation. The next basic structural change came about with the invention of settled agriculture. We are now in the midst of the third transformation. There is, however, a crucial qualitative difference between the earlier transformations and the latest one. The pace of change earlier was extremely slow and the transformation spread over thousands of years, in each case, was so gradual as to be almost imperceptible at any point of time. In contrast, the change is now incredibly fast, resulting in visible consequences in just a few decades. Consequently, the social and economic forces engendered in this process are tending to acquire an autonomous character. Unless they are effectively harnessed, the egalitarian goals may remain a mirage.

While our country is still struggling with the first phase of new transformation, the continuing advances in science and technology in the West have enabled those countries to enter a new phase of structural transformation laying the foundations of a post-industrial society. These changes are not confined to the Western world alone; they are affecting the economies of the Third World as well as our own. The socio-economic situation is, therefore, becoming still more complex. The great diversity of Indian society in terms of religion, cultures, languages, races and castes is well known. We have an equally diverse economic system having elements of all the earliest forms, beginning with hunting and gathering through shifting cultivation, settled cultivation and the industrial society. The

modern sector with its emphasis on high technology is also imbibing elements of the post-industrial society. The task of including all these diverse elements in the complex socio-economic system along with the benefits of modern development is by no means an easy task. It is particularly so because the non-economic facets of life, for a vast majority of people in the present stage of development, cannot be differentiated from the economic process. They not only wield great influence in determining the future of our society but are proving to be decisive in many cases.

For the alleviation of poverty and the establishment of an egalitarian order, the first prerequisite is a clear understanding of the diverse processes which are creating adverse conditions for achieving that goal. The nature of these forces should be studied so that necessary counterforces can be generated for neutralizing them and creating favourable conditions. It is a pity that the real significance of many of the processes—both economic and non-economic, inherent in the emerging situation—has not been fully appreciated. For example, stark poverty and growing affluence, within a macro-economic frame, cannot be fully explained without reference to the operation of invisible forces which have remained outside the scope of national planning and State action. Many of them may be operating insidiously and may, therefore, go unnoticed. Some of the processes may even have acquired a rational aura and earned acquiescence of the policy-makers because their full implications may not have been understood. In this essay an attempt has been made to understand the social, economic and political processes in our national life in terms of their implication for the condition of the poor.

Development and Distributive Justice

We may begin with spelling out the basic premises of planned economic development in our country. There are two facets of economic development, viz., production of goods and services and their distribution. It is a truism that one can consider the question of distribution only in relation to what is produced in the system. Nevertheless, the entitlement of individual members of society is reflected in the social and economic relationships. These relationships are continually influenced by the ongoing structural changes in the national economy.

The real issues of distributive justice are sought to be confused, as production and distribution can be presented as two independent elements amenable to a mutually exclusive choice. It is stated that we must concentrate on production. This will require investment to be supported by a high rate of savings—a prerogative of the non-poor. In this case all members of the community will be eventually benefited though the accrual of this benefit may be gradual. The other alternative is to share the current production equitably without significant savings. This approach may not be conducive to growth and may really mean equitable distribution of poverty. The obvious conclusion in this simplistic frame is that distribution of misery cannot help anybody. In fact, this argument is sometimes pressed

further and it is concluded that in the process the capital base of the economy itself may get dissipated, jeopardising the long-term interests of the national economy.

Savings and capital formation are only one element in the complex web of linkages between production and distribution, though an important one, since it goes to determine the production potential of a nation. Nevertheless, this element has been grossly over-stressed, perhaps due to the influence of machine, resulting in the neglect of the other crucial element—Man himself. For example, under conditions of acute inequality, a vast majority of the people may be reduced to a sub-subsistence level rendering them destitute and incapable of any contribution to the economic system. Even if the question of human values is ignored, this cannot be a sound proposition within the narrow frame of economic development. This is conceded by all, but there are differences about the weightage which could be assigned to the two elements. In a country where about half the people are living below the poverty line, there is not much scope for honest difference of opinion. However, as the issues and the alternatives are amenable to greatly biased presentations by the vested interests in positions of authority, the situation remains rather confused. It will be necessary to clear some of these aspects before we proceed further.

The national pie or the Gross National Product (GNP) comprises a variety of economic goods and services which can be categorised in a number of sub-groups. The two-way classification of economic goods, viz., wage goods and others, is most useful for the study of the poverty issue. Wage goods include essential consumer commodities needed for sustenance, i.e., food articles (excluding luxury articles), coarse cloth, fuel energy and also certain durables like utensils, basic housing, etc. Similarly, services may also be divided into two categories : (i) services essential for a minimal quality of life—like elementary education, elementary health services, safe drinking water supply, etc., and (ii) others. It is the availability of wage goods and essential services and their distribution which determine the condition of living of the masses, including the poor. In a modern economy, the assessment of the level of production of economic goods and services and their distribution is rather complex and cannot be easily understood. The production of economic goods and services, or the GNP, is computed in money terms by assigning a suitable money-value to each item. All is not well with these computations. While other issues in this regard will be considered in later sections, one crucial point needs to be noted rightaway. In this system, money becomes the measure of everything. Once money-value is assigned to a good or a service, the money income of those engaged in the relevant economic activity is determined. In the classical economic analysis, fairplay is ensured in a free market economy comprising perfect competition, involving producers and consumers. It is, however, known that all markets are imperfect and the money values can be greatly manipulated. Therefore, in the final analysis, the entitlement of all members of the community in this process, to the pool of goods and services, is stage managed.

Higher entitlements not only influence the distribution of current production but also the structure of production itself. Thus, a buoyant market of luxury goods gets established giving a boost to production in relevant sectors. On the other hand, since the entitlement in the form of money incomes of a large section of the people is small, the production of wage goods and essential services may not be commensurate with the minimal needs of the economy. Thus, production of goods and services, assignment of money-value and distribution are an integral part of the same process which cannot be considered separately. We will revert to this question at a later stage in this essay.

Who Contributes to the National Pie

We may now consider another important aspect of the national pie, viz., who contributes to its creation and growth. Here, our approach will be somewhat different from the one generally adopted in economic analysis, mainly for two reasons. First, the terminology of economics is heavily loaded with technical nuances and it may be difficult to use them in a simpler non-technical analysis. Second, our focus here is on understanding the processes relevant to the poverty issue. It will be possible to steer clear of many detractions if we follow an approach in which we trace the productive processes to the ultimate sources, viz., different faculties of Man and Nature. In the broadest sense, man himself is a part of Nature. But since intervention by man makes all the difference, these two will be considered separately.

The natural resources are at the base of all economic activities. Consequently, the nature's contribution should obviously comprise the first element in the national pie. This is in two forms, viz., (i) the existing stock of natural resources like minerals, flora and fauna, and (ii) the incessant life-force exemplified in the continuing renewal of the faunal and floral resources and their growth. It is man who by his effort and ingenuity, converts these resources into economic goods and services. Therefore, labour appears as the second primary factor of production. There are two facets of labour—the gross effort or muscle power and human ingenuity or the intellectual input coupled with physical effort. In fact, in the modern world, contribution of man greatly depends on his ingenuity which itself has two facets, viz., individual skill and organisation. Skills are mostly acquired. The limits of individual skills are determined by the level of technological advances made by the people. Thus, a skilled person engaged in the process of production of relevant goods and services, besides making his individual contribution, draws upon the general fund of human knowledge accumulated over the ages. He may also use some tools which are a form of capital. We will consider the precise nature of this element in a subsequent paragraph and at the moment will exclude it from our analysis as a factor of production. Thus, besides capital there are three basic elements which form the hard core of the production process of economic goods, viz., Nature's contribution, additive due to individual's gross effort and the extra additive

due to science and technology through individual skills.

The other important facet of human ingenuity is man's ability to organise, which is an important contributing factor to production. Organisation is as old as human civilization itself; it enabled the human species to survive amidst incomparably stronger denizens and move ahead. Organisational input paid dividends when two persons joined hands to accomplish a task which could not be tackled by any one of them individually. As man acquired greater skills, the advantages of specialization became clear to create conditions for specialization in production and the need for more elaborate organisation. The scientific and industrial revolution opened a new vista before human civilization, as the fund of knowledge began to grow exponentially with more and more people being required to specialize and acquire mastery over minute areas. The wide variety of specialized activities needed an increasingly sophisticated frame and the role of organisation in our time has become crucial to sustain the pace of change and capitalize on the phenomenal advances in science and technology. It is clear that organisational input is contributing significantly to the production of goods and services and a part of it can be reasonably ascribed to that element. Thus, additive due to organisation emerges as the fourth basic element in the production process.

Capital is accepted as an important factor of production in economic theory. It has a variety of forms and spans a large spectrum. Capital comprises from simple tools to the most sophisticated modern machinery and other infrastructure. In fact, the productivity of a system is positively correlated to capital intensity. But if we carefully analyse, a simple tool or a sophisticated machine is nothing but a desired form given to a set of natural elements by application of labour—gross and ingenuity—by a number of individuals having the relevant skills in a frame provided by a system or organisation. Thus, contribution of capital to production in the form of machine and tools can be ultimately traced to the four basic elements, viz., Nature's contribution, labour, additive due to science and technology and organisational additive. It is easy to see that the same holds for other forms of capital as well. The production and flow of goods and services in the national economy, therefore, should be analysed and appreciated in terms of the contribution of these four basic elements and the apportionment of rewards for each of them. We will adopt this scheme in the discussion which follows.

All natural resources are a gift of Nature, but all of them may not be unencumbered. From the very early times human groups have been claiming command over natural resources to the exclusion of other groups. The small village communities enjoyed near sovereignty over the area under their command. Remnants of this era can be found in many of the tribal areas. In the rest of the country changes occurred in two directions. A superior claim was staked and enforced by the kings and their representatives. Their place has been taken now by the State which is manifest in a variety of formal institutions like the Union, State and local authorities. These insti-

tutions are exercising proprietary rights on different natural resources like minerals and forests and levy of royalties in token thereof. On the other hand, proprietary rights were also moved in favour of individuals in a number of ways. First, the right of usufruct enjoyed by individuals within the frame of community's command over resources got transformed into proprietary right as formal ownership passed to impersonal institutions. The bulk of agricultural land falls in this category. Second, the rulers and their representatives staked claims of private ownership to some natural resources, particularly agricultural land, forests and even wasteland. These were conceded when the State stepped in as the ultimate owner of these resources. Third, the State as an institution does not manage all its natural resources directly. Leases are given to individuals or other institutions for varying periods, conferring quasi-proprietary rights on them. In all these cases the value of Nature's contribution is realised only with human effort. Consequently, Nature's contribution becomes manifest in the form of economic goods as produced by individuals (like agricultural produce) or by institutions (like bulk of the forest and mineral produce). Since valuation of Nature's contribution depends on a variety of factors, particularly on the claims of other contributors to the production process, it is generally notional. The same is the case with royalty and rents or residual. Nature's contribution, therefore, largely accrues to the 'owners' of the resource—an individual in the case of agriculture and institutions/individuals in the case of forests and minerals. Similarly, Nature's contribution to animal husbandry—activities like poultry farming and piggery—accrues to the rearer.

Nature's contribution is obviously the highest in the primary sector activities like mining, forestry, animal husbandry and agriculture. It is generally conceded that all natural resources are national assets. Therefore, Nature's contribution to economic production should ideally accrue to the people as a whole. This general premise is subject to a number of constraints.

Labour is the next most important component in the production of goods and services. There are only a few exceptions like accidentally finding a diamond or fruits in the forest. The labour input is not qualitatively the same in all production processes since there are wide variations in the skills of individuals. The fruits of labour, therefore, may depend on the gross labour input as also on the quality of labour input and the tools one uses. In principle, it is generally accepted that every person must be entitled to the full benefits of the fruits of his labour. But how to determine the quantum of these benefits is a real problem, since the final product comprises not only the fruits of one's labour but also the additives due to other contributors. In fact, the third element, viz., the additive due to advances in science and technology, is actualized through higher individual skill, superior capital equipment and better organisational forms. In recent times, the right to the benefits accruing due to the technological innovations is conceded, to some extent, in favour of the innovator through the institution of patents. Nevertheless, it is extremely difficult to identify the real contri-

butors since every innovation is a part of the general scientific and technical milieu. And this milieu is not only of a given time engendered by a galaxy of scientists and technologists but its genesis can be traced through long periods in the historical past. No individual or a group of people can, therefore, legitimately claim exclusively to the additives in the production processes due to application of science and technology. The great advances in knowledge are a common heritage of man and any benefits flowing from there should belong to entire humanity without any distinction.

The last element in production, viz., the organisational additive, also stands on the same footing. The modern organisation is a culmination of a long process beginning with the organisation of defence against elements of Nature and hunting expeditions in the hoary past. In these advancements, people from all over the world have made their contributions. The additive due to the organisational input, therefore, cannot be claimed by any exclusive group who may happen to be the members of an institution or organisation engaged in the production of goods and services by virtue of the accident of their membership. The organisational additive is a common heritage and should be shared equitably by people at large.

In the light of the above analysis, an individual's contribution in the production of goods and services is really limited to his personal effort in the form of labour—manual or intellectual. His entitlement to a share in the national pie should be determined accordingly. All other claims by individuals, by virtue of their skill endowment or organisational affiliation, etc., are really claims on the contributions due to the other three elements which are the common heritage of mankind. The individual, in relation to the three additives other than those due to his own labour, is merely in the position of an instrument through which those basic elements of production are actualized and get expressed in appropriate concrete form. Many individuals do occupy a distinct position in the production process but that is largely a matter of chance. Given the opportunity, any other person could have occupied the same position with equal facility. As we shall see later, individuals occupying vantage positions acquire interest and get transformed into numerous interest groups to stake their claims on the additives due to other elements and perfect grossly exorbitant entitlements in the flow of goods and services. These are in the form of money incomes which have no relationship with their real individual contributions. A forest estate owner, a drug manufacturer and a building contractor, largely appropriate to themselves additives due to natural processes, science and technology and organisational input respectively.

The irony of the contemporary national scene is that the money income or the claims which have been perfected by individuals engaged in different sectors of our economy, are deemed to represent their exclusive contributions to the production of goods and services. In particular, this is true of the modern sector of our economy which has serious consequences in the traditional sector. Since the former represents, largely, the articulate sections of our society, an impression is created that the share appropriated

by this sector from the gross national product does represent the contribution to production by its members. A critical analysis will show that the presumption that the share in the gross product currently enjoyed by the modern sector is its legitimate due is unfounded. The level of production in the modern sector is determined by the intensity of exploitation of natural resources, the level of technology implicit in capital intensity and efficiency in the use of resources or the level of organisational input. It is clear that the modern sector is getting returns not only for the effort put in by its members but also the additives due to other basic elements involved in production processes. That some reward is due to this sector for the skills acquired by its members, both technological and organisational, may be conceded on two grounds, viz., higher investment in training and incentive for application of higher skills. But this argument cannot be stretched beyond a point. Those working in the modern sector cannot be allowed to retain the entire benefit due to other elements accruing to the national economy through them.

Inadequate appreciation of the nature of production dynamics has led to many an aberration and even distortions in our economy. For example, we are not able to realise the full potential of the additive due to organisational input in the modern sector. On the contrary, not infrequently, this input tends to be negative. The reason is simple—the organised industries and professional services in many cases have acquired a monopolistic character. They are able to dictate their terms and get an exaggerated share in the gross national output incommensurate with the real contribution. The high profits and the aristocratic wages in the industrial sector, notwithstanding organisational inefficiency and dysfunctioning, have been made possible only because they have succeeded in fully appropriating unto themselves the additive due to the higher technology, which should be shared equally by all members of the society. This has also enabled the modern sector to acquire a huge unproductive mass. These large groups, by virtue of their occupation of critical positions in the national economy, are not only able to maintain high wages but are using their bargaining power to lessen their workload. Thus, our economy which should have been the instrument for accrual of substantial additives from modern organisational input is getting negative results. Moreover, it is even required to bear its inflated share because of the critical position of the national economy. Yet, an impression is created all around that the modern sector is the real productive sector in our country.

The distorted logic in the modern sector creates propitious conditions for many other unhappy trends. First, the core of modern technology sector, which is instrumental in actualizing the benefits of technological input, is by itself a small one. The retention of the benefits due to modern technology even after making allowances for negative organisational input would have created a small island of affluence with very high 'visible returns' for labour, professional services and also for private capital. This is actually what seems to have happened in the beginning. But for obvious

reasons it could not have remained an isolated phenomenon for long. This small segment has set a distorted model for others in the modern sector like trade and finance, administration and social services. Their entitlements have accordingly been pitched unduly and have acquired legitimacy by superficial comparison. It may be remembered that these other groups in the modern sector are not instrumental either for accrual of additives due to the technological inputs or the organisational inputs. They are, therefore, appropriating to themselves a large share of the national product incommensurate with their respective contributions. Thus, the modern sector as a whole is able to lay claims to a much higher proportion of goods and services in the national economy than is due to it.

At this stage two processes are discernible. As the differential between the most affluent in the modern sector and the lowest groups in the traditional sector becomes large, an increasingly complex and long chain of intermediaries appears in production and also an exchange of goods and extension services. Moreover, this intermediation process becomes circulatory and self-reinforcing, claiming an increasingly larger share of GNP without any positive contribution to it. Such a process cannot contribute, in a real sense, new additives to the economy. Nevertheless, this process is getting continuously reinforced due to the uncertain and unsatisfactory conditions in the traditional sectors of our economy and the high aspirations of the educated and semi-educated young men and women all over the country. They first join amorphous groups loosely attached to the modern sector with nothing significant to contribute and without anything substantial to gain, yet with vague hopes of fulfilment some day or the other. Thus, the pressure on the system continues to grow which is reinforced by visible comfort and security in the modern sector. This is sought to be relieved superficially, primarily as a measure of self-defence, by creating employment opportunities without any regard for their contribution to the economy. This really adds to the disguised unemployment in the modern sector. Thus, a vicious circle has been established in the modern sector. As it grows, it fuels the aspirations of those in the traditional sector. These people, in the absence of other avenues for fulfilment, made a bid to enter the modern sector. This new pressure against the modern sector is relieved by creating pseudo-employment opportunities. The contribution of the modern sector to the national economy in this process remains unchanged or even tends to become negative. So long as this sector was small and its inflated claims could be accommodated within the additives directly accruing to it through the economic activities of its members, its total weight on the national economy was negligible and the contradictions were not obvious. As its size is continually growing its weight is becoming unbearable. The contradictions due to growing disparities between the highest and the lowest are becoming too obvious to be ignored any longer. Some correctives are being attempted by way of special programmes which envisage transfer of resources and incomes in favour of the weaker sections of the society. However, such transfers have serious

limitations since they are generally in the nature of *ex gratia* grants on compassionate grounds rather than instruments for correcting the inequitous equations which have been clearly manipulated by the vested interests and the articulate in their favour, legitimising their exorbitant entitlements and drawals from the national economy, thus creating an aura of inevitability for the process of deprivation—gross and subtle—so that they appear natural in the normal functioning of the system.

Dichotomies in the System

Our socio-economic scene presents an extremely complex picture. It contains elements pertaining to all stages of development of human society—from hunting and gathering to the ultra-modern. Caste and class intermingle in the traditional sector. The modern sector itself comprises a wide spectrum. In this we have small centres of creative upsurge with a large amorphous mass loosely attached, having little to contribute. The modern economic activities are leading to the phenomenal growth of metropolitan centres and to the ubiquitous establishment of towns, large and small. Education and communication are engendering high aspirations amongst all sections of society. The political processes and the operation of the complex economic system are giving rise to new centres of power, vested interests and pressure groups all along the line. While the economy is moving ahead, some have been able to climb to dizzy heights with a phenomenal command over assets and incomes while a significant section is experiencing a severe backlash leading to a slide-back and a descent to abysmal levels.

It appears to be a world full of confusion and paradoxes which cannot be explained in terms of their immediate context and a narrow frame. Nevertheless, there are certain trends which can be discussed in a careful review of the confusing situation. It appears that basically there are four major dichotomies operating in this complex system. These can be described as follows :

- (1) Urban-rural;
- (2) Organised-unorganised;
- (3) Educated-uneducated; and
- (4) Socially privileged and socially under-privileged.

Some other forms of dichotomous trends are also noticeable in our country. For example, the status of parents has always been an important factor in determining the place of their offsprings in life. In the modern sector the cost of education and training for skills required for vertical mobility has risen sharply in favour of the children of the privileged. Similarly, success in a variety of new enterprises established in the buoyant modern sector depends *inter alia* largely on the financial back-up which is available to those coming from rich families. Thus, economic condition of the family becomes crucial and dichotomy based on parentage has greatly sharpened. Nevertheless, the economic condition of a person depends on other factors on which the four major dichotomous elements noted above have an over-

bearing influence. Consequently, parentage need not be treated as an independent element.

The other major dichotomous element which is emerging in our country is regional. Polarisation along a west-south and east-north axis is emerging. The western and southern parts of our country have a good rate of production in the agricultural and industrial sectors while the performance of the eastern and northern regions is sluggish in both these sectors. The former areas have also moved at a faster pace educationally. Their agriculture is more capital-intensive and is acquiring a quasi-organised form. The pace of urbanisation is also comparatively higher. Thus, this regional polarisation is largely a reflection of the first three basic dichotomies. In the absence of effective corrective measures for regional balance, regional dichotomy may also become a basic dichotomy like the other four. It may acquire the same characteristics within the national frontiers as the North-South or the East-West divide in the global context. However, at the present stage of our national economy, while we must take note of the emergence of the new regional dichotomy, it need not be assigned an independent status as one of the basic dichotomies of the national life.

We may now examine the precise implication of the operation of the four basic dichotomies in our economy. Let us take any one of the dichotomous elements and imagine a line with markings which may represent the gradations of all people with reference to that element. For example, in the case of education one end of that line may depict the state of illiteracy while the other end may indicate the highest level of education in the best institution. If we arrange all the people according to their educational attainments on this line and then proceed to examine their economic conditions, we will find that the economic condition improves as we move from the end of this line representing the illiterate to the other end representing the highly educated. Similar is the case with other dichotomous elements. The economic condition of the people varies according to their place on that scale and there is significant clustering at the two ends. Thus, the affluent are clustered in the urban areas; they are educated; they belong to the organised sector and generally hail from the upper castes. On the other hand, most of the poor live in the rural areas; they are uneducated; they belong to the unorganized sector and generally hail from the lower-middle and lower castes.

The entire socio-economic structure of the nation can be represented in terms of the position of each individual citizen with reference to the five axes, each representing one character, viz., economic condition, place of residence, sector to which his occupation belongs, level of education and his social status. The urban-organised, educated and socially privileged configuration would represent the higher economic groups in the system. This configuration can be visualised as a deprivation meta-cone around the 'origin' in a 5-dimensional mathematical model incorporating the five elements of the basic dichotomies. Similarly, there is a meta-cone of affluence at the other end corresponding to the highly educated, urban and socially

privileged belonging to the organised sector. (Please see Appendix for detailed discussion.)

There is a clear one to one correspondence between the economic conditions of an individual and each of the other four elements. Conceptually, advancement on any of the four axes can help an individual in crossing the deprivation meta-cone. There are numerous examples which can be given to illustrate this process. For example, if a scavenger, the most deprived and lowly remunerated individual in our villages, were to be transferred from this unorganised sector in the village to a large, prestigious organisation in the urban setting, say, Air India, he would be instantaneously transformed, breaking the deprivation meta-cone barrier without any change in other characteristics. Similarly, many people with similar skills, like agricultural labourers, but differently located, i.e., on the social scale of the high and low castes, may be found on two different sides of the deprivation meta-cone.

The high co-relation between the economic condition and each of the other four characteristics, as we find today, is not the same everywhere nor is it constant over a period of time. In particular, these relationships have significantly changed in the recent past and will continue to do so as the pace of development further quickens. For example, in the traditional feudal milieu there is high valuation of an individual's place on the social scale. This holds good in the rural areas even today. It is also clear that the new opportunities in the modern sector, largely located in the urban areas, were taken advantage of mostly by persons from higher social groups. However, in the new urban amalgam of the economic and social status caste is much less pronounced. There is an impression that it is on the wane. But it appears that in reality the caste-based economic dichotomy may be getting accentuated on account of economic polarisation between the urban and the rural areas. Even though a new social group formation is emerging along the lines of economic stratification its scope at the present is rather limited. The role of caste has been a matter of animated discussion in relation to economic life in the rural areas and its emergence in a virulent form in national political life. Its real significance in the national economic system in general, and in the urban economic life has not claimed serious attention.

The changes in the economic fortunes of people belonging to different occupational categories, with reference to their place in the organised-unorganised spectrum, have been most drastic. The tradition of agriculture as a noble profession (*uttam kheti*) has got eclipsed, it is now considered a drudgery. Service is despicable (*nikrishta chakari*) but only in the unorganised sector where service is servitude. It has acquired a high status amongst the organised. Commerce and trade are easily at the top and not in the middle (*madhyam vanij*). This turbulence is continuing in the wake of rapidly changing technology, pressure for upgradation of skills and growing intricacies in organisational forms. The organised sector comprises the modern industrial establishments, commercial enterprises, institutional infrastructure, a variety of administrative and social services and such like. In our country modernis-

ation of economy began at the top with the super-imposition of new institutions and economic activities largely in response to the colonial interests. In the earlier phase, a small group comprising government servants occupied the highest place in the new organised sector. But gradually some other professionals like lawyers, doctors and engineers gained substantial mass and began to compete for higher positions in the system. In the post-Independence period the configuration has drastically changed. Many new and old occupational groups like industrial entrepreneurs, particularly those of luxury goods, import-export houses, bankers and financiers, professional business managers and political leaders are occupying the top positions. The spectrum within the organised sector itself is very wide with the incredibly affluent, at one end, and those who are just able to make both ends meet, at the other.

The unorganised sector in our economy covers a wide range of occupations. It includes agricultural labourers, farmers, petty traders, domestic servants, casual labourers, workers in small establishments, traditional artisans both in the rural and urban areas and such like. In the traditional national economy, with decentralised agriculture as its base, the farmer was in a strong position. Cultivation occupied a place of pride amongst all occupational groups throughout the ages. However, the farmer's position has greatly deteriorated in the new economic system with the super-imposition of an evergrowing modern sector and the shifting of the centre of national economy from the rural base to an urban base. Some of these unorganised groups are now undergoing a structural change and new formations are emerging amongst them which could be a prelude to their attaining a quasi-organised status. For example, sugarcane growers have formed strong co-operatives in Maharashtra. The bigger farmers in the western region are coming together on the price issue. The agricultural labourers have got unionised in Kerala. Similarly, the small traders in a rural setting are better placed compared to their urban counterparts and perhaps as a group they deserve to be classed as quasi-organised. In the urban areas, however, they are highly fragmented. With the increasing ranks, petty traders, hawkers, etc., are only partially engaged and most of them are becoming increasingly vulnerable with no rallying point in sight.

Education has always been accepted as a priceless accomplishment of cultural life in all civilizations. In India the ideal for the learned was renunciation. Nevertheless, education did enable the individual to make a better living in some occupations like trade and commerce. Education acquired centrality in modern economic systems with increasingly higher technological inputs and complex organisational forms. In our country Western education created an extremely inequitable situation and the correlation between education and the economic condition of an individual rose sharply during the British rule. Education continues to be the greatest stratifier in modern Indian society though it is not the only factor responsible for the growing economic polarisation. A university degree *per se* is no longer sufficient to determine an individual's position on the economic scale.

A number of other factors like the institution which a person attends and the social group to which he belongs are crucial for acquiring a reasonable position in the new economic system. On the other hand, as opportunities in the organised sector are diminishing compared to the phenomenal growth in higher education, a large section amongst the educated are facing the spectre of unemployment with no ground to stand on.

The city has always had an edge over the village by virtue of its place in the overall system as a seat of administration and a centre of trade. Nevertheless, the village was the centre of economic life and the number of urban centres was limited. The economic condition of these urban centres greatly depended on the condition of the former. This situation changed drastically with the advent of modern industry located in urban centres which has destroyed the traditional village industries and destabilised the rural economy. Consequently, the urban-rural dichotomy has been greatly accentuated in the last few decades, a process which is continuing relentlessly. It may be conceded that there are many underprivileged groups in the urban areas like the slum dwellers living in conditions worse than those of the rural poor. But this 'dilution' of urban life is ascribed by the affluent, largely, to an influx from the rural areas, particularly at the lowest levels. Therefore, they have no hesitation in suggesting that the standard in the city can be maintained only following a closed shop approach like restricting a general entry and regulating employment in favour of the in-groups, directly or indirectly. Moreover, the economic conditions in all urban areas are not the same. They are highly disparate with metropolitan towns, located at one end of the spectrum, comprising a distinctive elite class amongst them. On the other extreme, towns may be urban areas in name only. They are hardly distinguishable from rural areas in terms of the structure of their economy. Conditions in many such centres are worse than those in many rural areas. Similarly, there is considerable variation in the economic conditions of the villages in different regions of the country. These variations are with reference to their geographical location like those located in the zones of influence of urban and industrial centres or those located at favourable points in the communication network. Nevertheless, notwithstanding intra-urban and intra-rural differentiation, the difference between the economic condition of the rural and the urban in every region and in the country as a whole is increasing with the reinforcement of the urban-rural dichotomy.

Our national economy is in the throes of a drastic structural transformation in which the occupational base of a significant section of the population has changed, giving rise to a new urban-rural configuration. Education is gradually influencing all sections of the society leading to an unprecedented mobility and the creation of tremendous potential for development. By the same token, the rigid social system is experiencing a tremendous strain and acquiring considerable plasticity, notwithstanding a significant resurgence of fundamentalism in recent years. Every member of our society has the same position in the four-way dichotomous structure outlined above.

Consequently, he is subject to a variety of forces by virtue of his position in the system which have implications for his economic condition, both in the immediate context and in the long run. There is a great turbulence in the zones of transition—like the quasi-urban, quasi-organised, quasi-educated groups and those caste groups which are making a bid to break away from the traditional mould. This is quite natural in a developing economy like ours. In this process those who succeed in joining the modern sector attain a state of dynamic equilibrium governed by the new laws of that system. The secretary and the peon in government, the manager and the worker in industry, all are moving continuously along the upward swing of the modern sector jealously guarding their respective positions and furiously fighting for relative gains. There are no limits at the top for those who can manage the new system of trade, commerce, professions and politics. On the other end, a vast majority in the traditional agricultural economy is apparently undisturbed in a state of static equilibrium. But that equilibrium is lost and the traditional sector is caught in the whirl of a downward spiral. Those in the traditional economy are experiencing the impact of tremendous invisible forces engendered in the modern sector. It is leading to the marginalising of a significant section of smaller peasants and traditional artisans. They are perhaps losing their equanimity and are getting restless.

The net result of all the processes in the national economy, for an average citizen, would depend on the nature of the diverse forces so engendered and their relative intensity. These forces in their turn would be determined by the goals which a nation may set for itself. In a country like ours which has accepted the establishment of an egalitarian social order as its goal, the difference between the highest and the lowest in the land has to be within acceptable limits of tolerance. Besides, all citizens irrespective of their place in the complex dichotomous structure should ideally be located within a narrow spectrum so far as their economic conditions are concerned. In particular, the economy should be so organised that all sections of the society are outside the deprivation meta-cone. As a corollary of this premise, the affluence meta-cone at the other end should also disappear from the national scene. We can be confident about development proceeding in a desirable direction only if all forces—political, social and economic, severally and jointly—are attuned to and are in consonance with the egalitarian goal.

In any analysis of a complex situation as presented above, we have to steer clear of numerous rationalisations which are usually created to camouflage the real issues by the vested interests. These situations are highly articulate and are adept in presenting their case most forcefully. In the present condition of our country it is only the Gandhian talisman, so often quoted by the former Prime Minister, the late Shrimati Indira Gandhi, which can provide clear guidance. The degree of success or failure of any programme or the rationality of any strategy has to be judged in improving the condition of the poorest amongst the poor in our community. Success in

sectional or intermediate goals without any perceptible benefit to the last man can be accepted with greatest caution only after credentials have been established unequivocally. In any case of doubt they must be rejected as unacceptable for the simple reason that all such successes taken together may yield, in real terms, a 'zero sum' at the national level.

The Organised

All social systems comprise a finely balanced web of relationships amongst the individual members and the institution. The relationships are relatively stable and have endured over long periods in the history of mankind. However, there are some stages in history, usually associated with the acquisition of a new technological base, when an entirely new set of relationships is established, superseding the older ones fully or assimilating them on a selective basis. In such cases the whole society undergoes structural transformation. The period of transition from the old to the new may be short or long, depending on the circumstances. The transition is marked by the presence of elements, both of the old (or the traditional) system and the new (or the modern) system and usually begins with the spontaneous appearance or implanting of the new system as a small but powerful nucleus symbolising the modern. This nucleus gradually expands and finally overwhelms the traditional system. The pace of transformation and its quality depend on a variety of factors like the nature of the nucleus, its relative position in the traditional system, the strength and the quality of motive force behind the change and the structure and resilience of the traditional system itself.

In the global context the contemporary phase of structural change began with the Industrial Revolution in the West some three centuries back. It has been sustained and also continuously accelerated by the powerful forces engendered by the phenomenal advances in science and technology during this period. Some of the Western countries have completed one round of structural transformation and are entering the second, leading to the emergence of post-industrial societies. The developing countries, including our own, are at different stages in the first round itself.

The forces of structural transformation in the Western countries were indigenous and operated within the frame of a common culture. The traditional system in those countries got transformed from within by a process of change so gradual that not the wisest amongst the pioneers could foresee its full potential. In fact, it was the traditional system which gained the most from the operation of new forces and extended the authority of the nation-state beyond its conventional limits and, in due course, raised it to the status of a colonial power. The traditional system, during the transition,

acquired a dual character of conciliation with the modern elements within itself while retaining the older facade in its external dealings. The modern system in the West thus sustained itself on the depredations of the global system outside itself rather than by deepening the contradictions in the home economy. But unfortunately, in our country, the modern system acquired a different character. The new elements which became the nuclei of the modern system were put in from outside by the all powerful colonial regime and gradually expanded to cover the administrative, political, economic and even social system, all of which may together be taken to make up the modern system. The immediate result of this superimposition was that the nascent modern system became a tool of colonial exploitation. After Independence it has no doubt acquired a new face but its basic relationship with the traditional system has remained unchanged.

Every system has its own logic which provides it inner strength. When a process of change is internal to the system, it is obliged to function within its frame at least in the beginning until such time as it acquires its separate identity and becomes self-sustained. At this stage a conflict arises and persists for sometime until finally a new synthesis is achieved. During this phase the elements of the traditional system get disoriented one by one and disorganisation sets in but slowly. Thus, in this case the traditional system can be expected to remain strong for a longer time, giving its members a fair chance for adaptation. What is more important is that at any stage the modern system does not have a superior position *per se*. It is obliged to gain acceptance in the larger system by virtue of its intrinsic merit and the possible benefit to the system as a whole. The story is entirely different where modern system is transplanted and superimposed. In this case a dichotomous situation is created from the very beginning. Moreover, the modern system acquires a superficial aura due to its higher place *per se*. Consequently, it is not necessary for it to draw upon those elements for its sustenance and growth which have intrinsic strength of their own. It can afford to do with sub-optimal conditions in its internal operations and rely more on superficial attributes which also happen to provide the softer choice.

The situation in the traditional system is just the opposite. It is suddenly rendered defenceless as it loses its legitimacy in the larger frame, with a dominant modern sector. Thus, the dichotomous situation gets reinforced without full dividends due from the modern system accruing to the society. The irony is that the process of disorganisation in the traditional system sets in very early—much before the fabric of the modern system is in a position to subsume it to a significant extent. The modern system tries to close its ranks leaving the large mass in a state of disarray and disorganisation. At this stage other socio-economic forces may be engendered, as has happened in some erstwhile colonies after they attained independence. In many cases even this intermediate stage may not be reached and some other solution may be reached with a compromise.

The modern system in our country is centred around the machine, the organisation and the town. The traditional system is exemplified by

the use of simple tools, informal interpersonal relationships and the village. These basic structural differences between the modern and the traditional have far-reaching consequences. The elements of the modern system spanning the entire geographical area as also the full vertical spectrum function in unison and as one organic whole. The traditional system is organised only at the micro-level. Therefore, the strength of the two systems at any given point in society wherever they come in contact with each other is incomparable, the modern system always dominating the scene.

The comparatively better organised have always enjoyed an edge over the less organised. Organisation has been the source of political authority down the ages. As we have seen earlier, organisation has emerged as an important factor in the economic system, contributing significantly to the production of goods and services directly and also indirectly by making possible great advances in science and technology which are harnessed for economic purposes. Moreover, the economic system itself has become extremely complex comprising diverse elements in which those better organised have come to occupy vantage positions. In the final stage, after the entire economic system completes its present cycle of structural transformation, all members of the society are likely to become organised—even the unemployed—and all interests may become reasonably balanced, though some difference in their relative strength cannot be ruled out. But the present transitional phase is marked by the emergence of a strong modern sector which is highly organised while the traditional sector working at the micro-level is getting increasingly disorganised.

Organisation is becoming crucial even outside the economic system. The formal administration, social services and such like are also quite well organised. They are able to dictate their terms by virtue of their position in the nation-state, either on their own or as a part of a chain reaction beginning with the claims of the organised sectors of the economy. All claims of the organised sector of the economy or other organised groups, in the final analysis, have the same implication for the unorganised. In some cases they deprive the unorganised of their due share. As the processes of deprivation are accentuated the unorganised are rendered still more vulnerable. In fact, the organised sector in general and some of its sub-sectors in particular are consolidating their command over the entire national economy. This is being done with the help of an increasingly complex and elaborate web of regulations, visible and invisible forces which operate from centres within that sector. It is this phenomenal power of the organised groups which needs to be clearly appreciated and critically analysed to understand the phenomenon of poverty in the unorganised sector. The growing hold of the organised groups can be broadly traced to two sources—financial and non-financial. We begin with the analysis of the former.

Monetisation and its Consequences

The process of modernisation is associated with increasing functional and

geographical specialisation with complex inter-linkages amongst the numerous constituents of the economic system. These relationships are generally defined in money terms. In other words, all sectors of the economy get increasingly monetised as the pace of development quickens. Moreover, there is a deepening of monetisation as many economic activities performed traditionally within the ambit of community and family relationships are also passed on to the formal economic system. This process is an important aspect of the structural transformation which has far-reaching consequences in all sections of society, particularly the unorganised sector. To make this point clear, let us consider a community which does not partake in the larger monetised system. In this case, all its relationships with the larger system will have to be defined in non-monetary terms. These relationships will be qualitatively different from the type of relationships which would develop if its economy was also monetised and that system became an integral part of the larger monetary system. In particular, a non-monetised sector will be free from the operation of subtle processes. Such processes may be imperceptible or apparently innocuous, yet may be responsible for extreme forms of deprivation. They may be taken as an unavoidable concomitant of modernisation and allowed to continue without any serious effort to counter these.

It is primarily through the flow and counterflow of money in a variety of transactions amongst different sections of the population that the distribution matrix can be altered without all partners in the production system realising its implications. In the absence of money-links this would not be possible. A primitive community having no economic transactions with other people provides an extreme example. Deprivation of such a community is possible only in some concrete visible form like forcible occupation of their territory, plundering their forests, exacting a share of their agricultural produce or forced labour. What is significant here is that the person knows that he is being deprived. All rulers in India adopted the technique of levying taxes as their share in agricultural production. The next phase begins with the exchange of commodities in barter. Here a new situation arises since the individual may not know the real values of the commodities he is offering or receiving in exchange. Nevertheless, such transactions are limited and the individual can take a rational decision within his frame on the basis of their respective use-value. The economic consequences of voluntary barter transactions cannot be very drastic. With the introduction of money it is no longer necessary to resort to such crude forms of levies and appropriations. The deprivation processes, however, have not only continued but have operated with much greater severity through the machinations made possible by the money economy.

The organised sector has come to occupy a dominant position in the national economy for three important reasons—(i) the ability of the organised to function as a well-knit group with common interests *vis-a-vis* the unorganised, (ii) the fact that all centres of political and administrative power belong to the organised groups, and (iii) its complete hold on the

money system. Consequently, this sector has the last word on the distribution of the total national product and takes advantage of its position in a variety of ways. The most important subterfuge is at the stage of fixing the relative value of the contribution by its own members to the GNP, which may be real or even imaginary. Their self-valuation is highly exaggerated. It gives rise to numerous anomalies and many inequitous conditions are forced on the system. For example, one fails to understand the rationality of a system where the wage of an 'unskilled' labourer may be Rs. 5 a day and the 'wages' of some of the 'highly skilled' persons may be in the range of thousands of rupees a day.

The minimum wages, as prescribed by States through legislation, are illustrative of the deep-rooted bias of the decision-making power elite against the unorganised and the acquiescence by their camp-followers to this built-in inequity, camouflaged by superficial rationalisations. A family should have an annual income of Rs. 6,500 to cross the poverty line and attain a modest standard of living. The total earnings of a person enjoying the privileged protection of minimum wage legislation and earning about Rs. 10 per day, working for 300 days in a year (another rare privilege) will be Rs. 3,000. This is not adequate even for the physical survival of a small family. Therefore, every member of the family, including the woman, the old and the child, must incessantly search for work and grab the first opportunity for bare subsistence. How can the child afford to go to the school and the old enjoy the warmth of the hearth and home? And where is that hearth or home for the lady with babe in arm, rushing to the work-site where she can expect not the minimum but a reduced wage, a well-established convention accepted for her kind, only if she works hard and long? And, they are privileged ones for they comprise the order of quasi-organised. On the other side lies the fiery zone. They are grateful to the system for its benevolent protection as is even assured and affirmed by their leaders. No one even alludes to the great principles enunciated by the successive Commissions and Boards for wages of the organised who accept the family as a unit and pronounce that the wage should be sufficient to maintain a family. Perhaps that is a different world, of those who have inherited the great wealth of the nation—the disinherited dare not compare.

According to the traditional economic theory the factors in wage determination are : (i) the contribution of the last worker to the total output or marginal productivity, (ii) total investment of time and money in acquiring the relevant skill and its supply position at any given time and (iii) the nature of the job depending on (a) agreeableness of work, (b) associated risks, working hours, holidays, etc. However, an important premise in this theory is the existence of a free competitive system. The organised and the unorganised are two different worlds with incomparably unequal relative strength. Consequently, the organised sector behaves as a closed group. Unfortunately, in our country we do not have a rational incomes and wages policy even for the organised sector, which is comparatively

easier. The wages tend to be determined by (a) the degree of unionisation, (b) the capacity to disrupt normal functioning of the system, (c) political patronage and (d) general milieu and mutual support within the organised sector. Thus, in effect those who operate the economy or those who happen to be in an advantageous position in the system can afford to pitch their own price high and live with it. Once an example is set by a group howsoever small and powerful, others in the organised sector use it to press a higher claim for themselves which is conceded by the former in self-defence.

The disparities between the organised and the unorganised continue to grow without any response from the system. The inequitous equations are rationalised by the privileged with impunity, since all the relevant groups are partners in the shady game. As a last resort, comparisons may be made by the articulate with prevailing terms for similar 'skills' in foreign markets. Even if a preferred claim for higher 'skills' is conceded, it has to be remembered that the 'skilled' people are in a position to stake their high claim, since the nation has made heavy investments in them. This is done by way of providing facilities for higher education, in general, and technical education, in particular. In contrast, even elementary education is a luxury which a large section of our people cannot afford. In many cases even the minimal facilities for good education have not been provided by the State. In this context, what the organised are claiming is not the return for genuine investment but is manipulated return for their skills for which they are not entitled.

These rationalisations are difficult to counter in the present milieu, unless a national policy on incomes and wages is formulated and a limit is imposed on the differentials. In that case the power of manipulation is checked and even the 'highly skilled' may get reconciled and feel satisfied with their share within a nationally accepted frame of incomes and wages. Such a stipulation was accepted by the national leaders during the freedom struggle and continued to evoke some response even after Independence. In the new climate any such reference is considered as impractical at best. All curbs on earning are dubbed as anti-development and even suggestions to remove poverty are through increased affluence. In sum, all sorts of subterfuges are used by the organised sector to feather their nests. This is done by cornering the gains of new developments without qualms of conscience or any affective formal checks creating an impression that they are the producers of wealth and what they receive is really due to them.

Not only is the pricing of labour by the members of the organised sector arbitrary, they also manipulate the system in many other ways to their advantage. For example, a variety of institutions and organisations are established in this sector for providing high-cost services, most of which are peripheral and non-essential. The most notorious example is that of advertising. In our national economy a number of essential goods and services and even wage-goods are scarce. All such commodities, therefore, should find a ready buyer without any difficulty provided there is sufficient purchasing power in the hands of the people. The soaring prices of many

essential commodities show that purchasing power may not be the limiting factor in their case. It may, however, be conceded that they may be out of reach of a substantial section of the population for want of purchasing power. In fact, this is the basic issue which we are considering in our analysis of poverty. In relation to the present discussion on advertising we may limit our attention to effective demand without being prejudiced to the general situation. We can reasonably conclude that, even with the present structure of distribution, many essential commodities can command a much larger market without any special effort as the condition of the poor improves. Their continued production and plans for expansion do not require the artificial support of advertising. Similarly, in the context of constraint of resources in our economy many non-essential goods and services need not be produced. In fact, in a planned economy, as a matter of principle, such goods and services should not be allowed to be produced. They deplete scarce resources when the national productive capacity could be better utilised for production of essential goods and services. If the production of non-essential goods and services is not strictly necessary, boosting their consumption by advertisement cannot be justified. Thus, what really needs to be produced in our economy needs no publicity and what is publicised need not be produced at the moment in the greater national interest.

Advertising or sales promotion cannot be ignored when an article is produced for the first time and brought to the market. Its main role is the dissemination of information about the concerned commodity. In the context of criticality of the scale of production, information dissemination may have to precede production and in any case must be concurrent, so that non-consumers are persuaded to consume and production can be sustained. Further, this also applies to a new brand of the same article. In this case, however, it is not necessary that new consumers are added. Advertisement merely helps a firm to attract consumers of other brands. It can be said that advertisement induces competition, makes the firms more efficient and thus aids in the developmental processes. These premises for advertising are unexceptionable, but there is an underlying assumption that the consumer needs to be induced. In other words, it is presumed that there are some people who have money and should be lured to spend it. Alternatively, there are people who do not have the purchasing power and have to be induced to work harder, with the lure of new articles of consumption. In a developing economy the basic needs which are not satisfied are so large that no one need tell the poor of the merit of working hard. In this case, it is the system which does not allow him to enjoy the fruits of his labour that needs to be corrected. On the other hand, those who have purchasing power need not be induced to spend more, since savings are required to build up the capital base and economic infrastructure for sustained growth. In either case inducement of demand does not appear to be necessary.

Notwithstanding the clear position against advertising in a developing

economy it is accepted as a legitimate activity and even encouraged for the simple reason that it is so in Western economies. A confusion has been created in the cause and effect relationship by vested interests. In the oligopolistic situation in the organised sector advertising is merely a device for distribution of incomes. This is done by creating a larger number of legitimate claimants in the gains of the firm which, in the ultimate analysis, means a share in the gross national product. In most cases the big houses establish their own advertisement firms and thus the profits are retained by them. Such firms also serve as an indirect way of obliging the pressure and power groups, including the fourth estate, as also their own kith and kin legitimately, though indirectly. Advertisement may be justifiable in those economies which are having problems of surplus production, whose production engine is now so powerful that only a fraction of their population is needed to operate it. What they need is 'generation' of incomes for a substantial section of their population, with a facade of gainful employment, on the one hand, and boosting of consumption at any cost to keep the engine of their economy moving, on the other. The long chain of dealers, institutions and organisations with overlapping functions and pseudo-supporting services are essentially non-productive. Each one of them is, therefore, claiming a share in the gains of the economy for a service not really necessary. In the context of a developing economy the advertisement industry is a part of a nefarious manipulation game.

The entire distribution channel between the organised and the unorganised sectors is under the command of the organised sector. Big industrial houses are even establishing their own chain stores beyond the distribution and publicity points, reaching out directly to the consumer. Thus, they are claiming the profits due to the genuine retailer and consolidating their hold on the economy. The smaller producers, craftsmen and artisans have to hawk their wares themselves. They are facing stiff competition, made increasingly difficult with higher skill and capital requirements. Most of them, however, are not able to acquire them as they are out of their reach. Consequently, they become bankrupt, losing all they have, moving down in the economic scale and adding to the strength of the unorganised. It is thus obvious that the system of intermediation is purposefully designed for maximising frictional absorption with the organised sector itself. This is drawn out of the total flow of goods and services which pass through it in either direction. The manipulation of the prices of agricultural commodities, as also of the agricultural input and essential commodities by the organised sector is a well known example. Even the new public sector institutions like the Commodity Corporations with heavy overheads essentially simulate the process of frictional absorption between the two sectors in favour of the organised.

Manipulation of Credits

Money plays a crucial role in the processes, favouring the organised groups. Let us begin with the creation of money itself. The Reserve Bank

of India and the commercial banks which create money belong to the organised sector. Even though these institutions are publicly owned, they are amenable to manipulation by the rich groups, particularly the commercial banks. Thus, the organised sector automatically acquires monopoly control over all sources of money which is the medium of all transactions of goods and services. The control of this medium is instrumental in manipulating the distribution in the national economy, an aspect which needs detailed and careful analysis.

In a modern economic system most operations require financial support which an individual ordinarily cannot muster. This requirement is met through credit. In our economy the cost of credit is very high in general, but particularly so for the poorer people in the rural areas and in the unorganised sector in the urban areas. Even here, there is a wide variation in the rate of interest depending on the purpose of the loan, economic condition and social position of the borrower and the status of the lender. Moreover, bulk of their requirements are met from non-institutional sources. The situation is different in the organised sector. Financing institutions are the major source of credit in this sector. The rate of interest of institutional credit is moderate—it may be anywhere between 4% and 18%. Some benefit of the cheaper institutional credit is also extended to the poorer sections under schemes like those for financing agricultural operations and artisans. Since these schemes at best may be able to meet only a part of the total need of these groups, the situation becomes still more complex, creating ideal conditions for the imposition of informal premium on low-interest credit. The effective burden of credit on the poor, even for the so-called production purposes, is very high. The situation is better in the organised sector. First, institutional credit is plentiful, since their needs in effect are a first charge on the available resources which are met through a variety of schemes. These schemes are cleverly prepared by the articulate to derive full benefit of their position, yet giving the impression of adhering to sound banking principles. Second, those who are forced to seek credit from non-institutional sources do so only when they are able to pass on the burden to the consumer directly through the traders or by charging it to the cost of production or other operations like transport, etc. This, in turn, gets reflected in the price level and is borne in the ultimate analysis by the poor. Thus, in either case, members of the organised sector are not affected and they enjoy the benefits of easy access to credit and reasonable rates.

The situation in the unorganized sector particularly for the weaker sections of the community is entirely different. The sources of credit for the purpose of understanding the implication of credit for the poor can be broadly divided into two groups, viz., (i) private individuals including money-lenders and (ii) financial institutions including the State. The former generally caters to the needs of the unorganised sector and the poor, while the latter are largely concerned with the organised sector and the better off sections of society. As we have noted earlier, part of the credit in the organised sector, particularly that given to the agriculturists and artisans,

is provided by the financing institutions. Money, for obvious reasons, is advanced for a consideration, i.e., interest, except in purely personal transactions or where the tradition may dictate otherwise as in the tribal communities. The interest on money broadly comprises three elements, viz., (i) the reward for deferring consumption to the saver, (ii) the cost of risk, handling charges and accounting, and (iii) a share in material benefits, if any, which may accrue to the borrower by the use of money advanced. The third element is not explicit in institutional financing but is important. It is beautifully illustrated in practices in the tribal areas. There is no premium on a loan, in cash or kind, if it is for ordinary consumption, for tiding over some personal misfortune or for meeting some social obligation like marriage. But when loan in the form of grains is advanced for seed, a premium of about 25 per cent in kind is generally expected. The logic is simple—seed grows and multiplies. Therefore, the lender expects a share in what is essentially Nature's contribution.

Institutional finance does not have such a simple conceptual frame of interest-purpose linkages. Moreover, the modern economy is much too complex. Nevertheless, this principle has some influence on the rate of interest as is reflected in the scheme of interest followed by financing institutions. These purposes for which credit is generally advanced can be grouped with reference to their implications for the poor in the following categories :

- (i) loans for consumption,
- (ii) loans for productive purposes like agriculture, industry, transport of goods, etc.,
- (iii) credit for trading activities,
- (iv) investments in real estate, and
- (v) investment in social services.

Credit for consumption has two facets. We may first note the role of credit for the sustenance and creation of demand so that production level of various goods and services can be maintained and even increased. This is particularly relevant for those lines of production in the organised sector which cater to non-essential and luxury goods, the demand of which is highly income elastic. It may also cover such individual products like tractors which are used in the unorganised sector. This support is a part of intricate financing operations of those institutions whose aim basically is to support all facets of the economy of the organised sector including production, distribution and consumption. Such loans, by and large, do not concern the poor. We may, therefore, pass on to the other side of consumption credit which is crucial for the economy of the poor.

The credit need of the poor for consumption are of two types, viz., (i) credit for subsistence and (ii) credit for meeting social obligations and also for non-essentials. The credit for meeting the bare subsistence needs of an individual cannot be termed as 'consumption credit'. It is 'production credit' in the real sense of the term and of the purest genre. The consumption for physical sustenance is basic to all activities of man including

economic. Current consumption of a family should appropriately include minimal nutritional needs of children, medical care and education. Non-satisfaction of these needs incapacitates the next generation of the poor even before they enter the economic life. Treating this basic investment as 'consumption credit' clearly shows class bias in our economy. The decision makers in our economic system belong to a group whose basic needs are more than satisfied and need no support through credit. Since we are here dealing with an individual who requires support even before he can go out to earn a wage, any interest on this so-called consumption credit means cornering a share from his wage. The larger the advance for subsistence purposes and the higher the rate of interest thereon, the bigger is the quantum of wage deprivation. However, that is not the end. In the process the wage-earner may be deprived of his assets like land and house and even capital assets like tools, making him even more dependent on the exploitative system and also highly vulnerable. Consequently, credit at very high rates for consumption by private money-lenders is the biggest source of deprivation of the poorest section and their destitution. Even credit for meeting certain social obligations falls in the same category. In many cases, like the marriage of a daughter, social obligations take precedence over minimal consumption needs.

The implications of credit for production are much more complex. Broadly, there are two categories of producers : (i) those who are self-employed and do not hire labour, and (ii) others. We will begin with the first group. A self-employed person is expected to be in a better position compared to a wage-earner. For example, a farmer can expect a return for his labour besides the Nature's contribution, depending on the quality of the land, weather conditions, etc., and additive due to application of science through the use of improved seeds, fertilizers, etc. Similarly, the artisan is also a skilled person. Therefore, besides a return for his labour he can expect accrual of the benefits due to technological advance. In terms of a traditional economic analysis all these elements get reflected in increased productivity. The self-employed person's total earnings are a sum total of the returns of all the productive agents besides the additives due to the Nature and science. In this frame the wage component of a self-employed person cannot be clearly identified and may be highly exaggerated. It is clear that every one has a right to the return for his labour input whatever be the economic system. The interest on loans advanced to such self-employed people, therefore, can be conceptually regarded as a share of the lending institution in the other additives accruing to the individual over and above the return for his labour input. Unfortunately the distinction between various elements comprising the final product is blurred. The exchange mechanism of the modern economy is being manipulated in such a way that a large part of the Nature's contribution and other additives is being mopped up by stronger institutions and intermediaries leaving little to those who are directly responsible for actualising them. In the process the self-employed may not be left with a part sufficient to cover a reasonable wage for his

labour input. Consequently even moderate interest charges for money advanced to such people as small farmers and artisans proves to be a serious blow to their economy.

Most of the people in the unorganised sector continue to use traditional methods in their respective vocations. Therefore, their final produce does not include large elements relatable to the additives due to science and technology and also organisation. The assessment of net returns, incomes as also the capacity to bear the burdens of interest, taxes, etc., in the national economy is generally made with reference to the economic activities in the organised sector. So far as agriculture is concerned, input-output equations of bigger holdings are taken as reference points. All these people enjoy substantial benefits relatable to additives due to science and technology and organisation. When these estimates are extrapolated and made applicable to small farmers and artisans in the unorganised sector, they prove to be oppressive rendering these groups still more vulnerable. The net result is that interest inevitably mops up the small additives which they may have and cuts into their wages and other remunerations including their capital. This is the basic reason why even concessional rates of interest have not helped these sections significantly and the economy of the self-employed-poor continues to remain non-viable. As the economy of the members of these sections slides back, the individual loses last of his assets to become an ordinary assetless wage-earner.

Next in the scale of economic activity is a small firm employing a few labourers with some capital equipment. The end value of the product in this case comprises cost of raw materials or Nature's contribution to the system claimed by the vendor for input, additives due to science and technology and organisational inputs. We have defined the concept of additives earlier. However, it will be useful to distinguish it here from the concept of value-added. Additives have a much broader sweep, tracing the constituent elements of the economic system to their very roots. Value-added includes only wages and profits. But profit is nothing but the residual value-added after deducting the wages. It comprises a number of elements besides payment for capital and risk. These distinctions, however, are blurred in the traditional concept. Some economists hold that technology accounts for a part of the residual, while others would prefer to give credit to investment in human capital. Obviously their view is restrictive. The concept of additives includes all possible real contributors, but excludes illusory contributions. Moreover, the price of a product may also include value appreciation due to inflation and sometimes, though rare, value depreciation due to changes in market conditions. In view of the squeeze of the middleman and other levies the burden of high interest rates usually falls on the labourers with serious cuts in their wages. The small firms prefer to remain unregistered and outside the formal organised system. The firm may deliberately employ only part-time labourers or prefer piece-wage transactions keeping itself outside the ambit of the Factory Act. In all cases, naturally, wage bears all types of squeezes. In fact, it is here that the dualistic

process can be seen to be operating ruthlessly and a dividing line can be formally drawn between the organised and the unorganised. Those who are not dependent on the money market since they have their own financial resources and those who can take advantage of the money market for ventures yielding high returns, like scarce raw materials, are successful, since they are able to derive full benefits of the two additives as also the wind-falls due to shortages, restrictive practices and inflations. Those who venture to enter the newly emerging and rapidly growing high profit of modern technology-based production activities with meagre resources and administrative or political backing to get enough funds on a continuing basis with heavy dependence on formal and impersonal institutional sources, enjoying no hidden benefits, have a difficult time. Most of them in the bargain lose whatever they may have invested in the venture, thus strengthening the polarisation process and proletarianisation.

As we move to larger establishments, the positions change drastically. First, there is a deepening of capital in larger units. Second, they enjoy the economy of scale both internal and external. In an ideal situation, therefore, these organisations have the benefit of larger additives of modern science and technology and also organisational inputs. In fact, here is the arena of the biggest manipulation game in our national economy. High technology is obviously being developed with an increasing pace in the advanced countries. In a milieu where higher technology *per se* has become a value in itself and panacea for all problems, a wide range of collaboration agreements are taken by those who have the right connections and the needed backing—financial, administrative or political. In the process they automatically acquire command over the additives due to ultramodern science and technology. In building them up they have no role whatsoever and invest nothing. Further, they are able to gather the support of the government and also financing institutions in the name of helping the nation in the realisation of Plan targets, upgrading the technological base and filling the gaps in the structure of the economy.

These firms are also supported by the other factors in the economy including the State apparatus and the long chain of intermediaries. Some of them even enjoy quasi-monopoly, dictating the price of the end-product. They prefer to establish their own chains. Alternatively, they may parcel out products through wholesale or retail openings to prospective intermediaries at no cost to themselves or to the trader who passes it on to the consumer. In the case of prestigious goods like a new model of cars, scooters, machines, etc., huge sums are gathered from prospective consumers long before even the commencement of actual production. Shares and debentures of those companies associated with names of successful operators sell like hot cakes. They also mobilise resources from their kith and kin and from financial institutions. They even offer high rates of interest which they can afford to pass on either in the form of higher prices or lower quality and sometimes both. After all many of them operate in seller's market in which the clientele comprises the neo-rich, unmindful of any price when it comes to

conspicuous consumption. Thus, their dependence on institutional finance is much smaller compared to their own assets. The rate of interest, therefore, does not materially affect their economy. Added to this great advantage are other windfall gains like those due to inflation and shortages—real or manipulated and the like. In this way larger organisations are able to corner the benefits of additives due to modern science and technology, organisational inputs and also other windfalls, particularly inflation. With such tremendous advantages they are able to offset even the negative effects of irresponsible organisational attitudes. This is an unfortunate phenomenon in the present day organized sector which is responsible for making organisational additive negative. So far as the interest rate is concerned, it appears that what is disastrous for smaller units is not so unwelcome to the bigger units, for reasons we will discuss presently.

Middlemen of all descriptions are enjoying the best of all the worlds in our economy at the moment. Their position and share in the benefits are legitimised by the models of the developed economies where the middleman is a part of the superfluous distributive system. He enjoys large returns on his capital which may be many times the nominal interest prevalent in the organised sector. Investment of funds in the middlemen's sector, therefore, is highly profitable. In fact, it is here that a substantial part of money-flow changes its colour and becomes tinted and black. It reappears in many other economic activities in surreptitious ways and deceptive forms. In this process this sector of intermediaries is at a more advantageous position than all other sectors in the economy—Nature's contributions, additives due to science and technology and organisational additive, besides even a part of the legitimate return for labour input by managing exchange equations. The share of middleman in gains due to inflation is also the maximum.

Another important activity in which financial investment has assumed a new significance is the real estate in the urban areas. They are the centres of modern organised sector including industry, commerce, administration and preferred locations for residential purposes. As we have noted, these activities in the urban centres concern the lion's share from the gains accruing to the national economy on different counts. Consequently, the value of land and buildings in the urban centres—big and small—and even in their neighbourhood has sky-rocketed and the rate of rise is much higher than that of general prices. In extreme cases it may be many times over. Therefore, money-value of investments in housing and real estate appreciates almost in a geometrical progression. In this process a very large class of neo-landlords has emerged in the urban areas. For example, any one owning any land or building within the core areas of a city like Delhi is a multi-millionaire. In the intermediate zones they are millionaires and those in the periphery are persons of lakhs. Their position is propped by the insidious processes of deprivation and all their claims are accepted as legitimate. Amongst this large mass of urban property owners a new class of colonizers, brokers and property dealers has emerged, whose expertise

primarily relates to manipulation games and whose valued capital is their links with appropriate quarters. They are instrumental in creating artificial conditions of buoyancy in the real estate sub-sector whose indirect benefits are shared by many in the organised sector. Those in positions of authority can and see through this game but they are propitiated by the manipulators in a befitting way so that they accept abnormal developments as normal and even legitimate. Thus, real estate owners in general and the manipulators amongst them in particular are able to create a substantial claim for themselves in the gains accruing in a variety of ways to the organised sector from the larger national economy.

If we carefully analyse the character of the credit flow in the national economic system, a clearer pattern emerges. Institutional finance is not available to the poor for meeting his consumption needs. He has to depend on the private money-lender who effectively deprives him of the entire contribution of Nature and additives due to his refined traditional technology. It also makes a big dent in his wage earnings. In the context of his sub-subsistence living even a nominal interest on consumption loans has the same effect, i.e., cut into his meagre wage and deprivation. However, the severity of deprivation as compared to costly credit from private source would be reduced.

As we move to the sector of the self-employed small man, the position improves because this group is in a better position to get some benefit of Nature's contribution and also the additives due to moderate application of science and technology. The economic setting in which this group works has, however, significantly changed. They are no longer serving a neighbourhood which they know. They have to operate in an increasingly anonymous market with severe competition from bigger establishments. Therefore, he is up against a big proviso, that is, he should be able to make some investment for which he needs credit. This greatly heterogeneous group comprises traditional artisans from the village and the town and a variety of other adventurers in the modern sector. The traditional artisans usually do not have any resource of their own and have to depend on private sources for credit, even for small tools and working capital. Their earnings are stripped of all additives by the heavy interest charges and their wages are also reduced to sub-subsistence level. The neo-self-employed group, particularly from the villages, brings along some resources of its own. Institutional support is a rare event in this case. Even those from the urban areas can expect only a moderate support from institutional finance unless they belong to the group having the right connections. Moreover, persons in this sector face all sorts of uncertainties of the market as also the vagaries of the system administrative and financial—making them extremely vulnerable. Heavy interest on loans from private sources and even moderate interest on institutional credit are not sustainable. Consequently, the money system absorbs not only the additives and a substantial part of the due return for the individual's labours but also his meagre assets. The process of deprivation, therefore, engulfs a very substantial section of our

population engaged in this sector.

As we move to the organised sector proper which includes the bigger industries, trade, commerce and real estate, the scenario changes completely. The interest rate, even though high in absolute terms, is insignificant compared to the huge margins and windfall gains which accrue to them. This sector, therefore, is flush with institutional finance which is much beyond its real needs. A significant part of this credit may be in the nature of proforma investments. Thus, the larger industrial sector with higher capital intensity is not only able to retain the huge additives from science and technology but even capitalises on the favourable rates of interest. Similarly, large dividends accrue to those engaged in real estate and intermediary activities in the form of moderate interest rates which they enjoy on institutional credit. In addition, these sectors are the main beneficiary of the inflationary price spirals. Thus, all factors aid in the process of cumulative accumulation in the organised sector, but all at the cost of the rest of the national economy.

The money market in our economy is ambivalent and dualistic. It is cheap as well as costly at the same time. It is cheap for the capital intensive and the highly organised sectors and for those who have money. It is costly for sectors with a meagre capital base, for the unorganised and for the poor. This ambivalent character is maintained, as the opportunity cost of money in either case is very high. In the former case this is because of the benefits accruing from capital intensity and organisational input. In the latter case it is due to the inadequacy of credit to the increasingly vulnerable self-employed small man and non-availability of institutional credit even for the basic needs in a deficit economy of the poor. His situation is being rendered still more vulnerable by the processes of deprivation. In the former case the money system is a co-sharer in the general buoyancy experienced by them and in its turn it contributes to that buoyancy. Thus, a benign circle of affluence is established. In the latter case the money system feeds on the misery of the people, reinforcing the process of deprivation, rendering them still more vulnerable. Thus, the vicious circle of poverty is continually reinforced. Like a torrential current it erodes the economy of the have-nots who comprise the large masses and deposits the valuable alluvium it carried in the economy, encroaching still further. Consequently, money has two faces. It is a benign angel to those who have it, or the haves; it is an ugly monster to those who do not have it, or the have-nots.

There is hardly any appreciation of this double-faced daimonic-demonic character of money and its double role amongst the policy-makers who are personally used to its benign face and are beneficiaries of its deposition role. As a result, its value is axiomatically assumed to be the same for all. For example, when comparatively lower rates of interest are allowed for poorer sections of the community as under the scheme of differential rates of interest, it is treated as financing involving sacrifice on the part of those who pay higher rates of interest. At best, it is a gesture of

goodwill rather than a sound economic proposition. Similarly at the other end of this spectrum comparatively higher rates of interests, which in reality are extremely low rates in their contextual frame, are paraded as exorbitant and back-breaking. The poorer cultivator, having touched the vicious money, loses even his meagre capital base, while the rich finds an elixir of life in the *amritdhara* of money, drinking to his heart's content. The dualistic wheel of the money system moves on ruthlessly, crushing the poor, reducing them to rubble and raising the rich still higher. Blessed are those who happen to be at its right edge, even those who can manage somehow to crawl and touch that edge. A small loan at the normal rate of interest for just a 'hut' to be built on a plot of land legally acquired after paying 'full' compensation can pave the way even for a non-descript person to move into the privileged group of neo-landlords. The very fact that money may be available through the institutional sources, at whatever rate, for economic activities in buoyant sectors perfects the individual's claim to the gains accruing therein. Money tends to flow to the congenial setting of great promise of the affluent and the organised rather than being trapped in the dreary destitution of the deprived.

As money becomes available at moderate rates to those in the organised sector there are two important consequences. Firstly, it enables this sector to further deepen its capital base and strengthen its organisational form, thus enabling it to command larger benefits of the two additives. Secondly, there is a massive transfer of resources in favour of the organised sector. This point needs some elaboration. The transfer is generally in two ways : (a) the debris of pauperisation in the final analysis flows to the affluent and is their net gain ; (b) in a free market economy money gives a command over the flow of goods and services in the national economy. Therefore, the very fact that money is available and is getting multiplied unabated through a variety of processes in the hands of the haves, means that they can continue to consolidate their hold on the goods and services with impunity and perfect their claims on the additives as also on the huge cuts in legitimate wages of the masses. In essence all these processes lead only in one direction—sophisticated and invisible resource transfer. This is the reality, whatever may be the respectable nomenclature adopted on a particular occasion for a specific purpose. These transfers are described by apparently innocuous terms of the financial world such as capital appreciation, depreciation, reserves, seed money, working capital, social investment in housing, transportation, infrastructure, perquisites and company account. The only thing which is not taken note of is the stark reality on the other side and the implication of the double role of money for the poor. Not only are the gains of the national economy due to the rising contribution of the three additives in the organised sector retained within it, it also succeeds in mopping up the moderate additives accruing in the unorganised sector through the manipulation of the money market in its favour. Even the due returns to labour are not spared. The transfers from the unorganised to the organised are

colossal and account for a very large proportion of the GNP.

In the world of finance controlled by the organised sector the general milieu in the organised sector is taken to be the national milieu. In effect the interest rate is almost a non-issue for these privileged groups. Their only concern is to maximise their gains by keeping the money rate as low as possible. Even when they show concern about money supply or money rates, it is more often than not a strategy of defending their privileges and keeping this margin high. All their dealings are fully attuned to this milieu, unmindful of the entirely different conditions prevailing in the world of the poor at the other end. In fact, there are two widely different situations in the two sectors so far as the money system is concerned. This has a number of implications for the economy in general and the poor in particular. For example, the buoyant economy of the organised can afford an ever-increasing intermediation and also pay for it according to its own standards. This explains the high service charges levied at every point in the network of financing institutions which are fully absorbed by the bulging aristocracy of bank employees. As the gains accruing to the organised sector are known to be much higher compared to the cost of money as per the prevailing money rates, the hand that gives insists on pre-empting a share in advance which is willingly conceded to as a consideration for a real favour. A sizeable part of money flow thus seeps through the porous soil at the very source and becomes muddy black.

For the privileged groups this is a part of the the larger manipulation game and of sharing the booty. It ultimately benefits everyone. The tragedy is that the same rules of the game are followed by them even in other sectors of the economy—the rural and the unorganised. In these sectors money shows up its demonic face. In rural areas it is only capitalistic agriculture which can simulate the conditions of the organised sector. Therefore, it is not surprising that big landowners are the main beneficiaries of the institutional network, notwithstanding the formal directions in favour of the poor. The most serious consequence of these developments has been the legitimisation of the intermediation and their high cost, even in the network of credit institutions in rural areas. The norms for money rates worked out in the frame of the affluent, having no relevance to the conditions in other sectors, are accepted as legitimate without even alluding to the difference. For example, the rate of interest on loans advanced for agricultural purposes by the Government, directly to cultivators until the 1950s, commonly known as *taccavi* loan, was about 4%. But this rate is now considered archaic and the ruling rate for agricultural loans is between 11% and 14%. As our analysis shows, even a 4% interest rate, besides mopping up the various additives effectively, cuts into the wages of small and marginal farmers. Unless the capital intensity in agriculture is high enough and/or the scale of operation is large, the net additive which may be accruing to the individual will remain much smaller, compared to the charges which they may be required to pay for the loans advanced even for production purposes. The real issue is that while the

poor are struggling hard against the deprivation processes their position does not improve even when some assistance is provided through financing institutions ; more often than not their crisis continues to deepen.

Such artificial conditions in the credit system are welcome to various interest groups, notwithstanding the adverse implications for the vast majority of our people. The rate of interest, as compared to the real sustainable level in the organised sector, has set the tone for the national economy as a whole and there are high expectations among all those who command money or are engaged in other money centred economic activities. For example, the rate of interest determines the rock bottom level of expected profits in trade and industry. It also sets the tone for legitimate charges levied at every stage in commodity transaction and other services. Thus all those who have money can get large benefits as a fallout from the system. It is natural for the person who 'handles' money to expect a reward for his work commensurate with gains, which other partners in the money game are getting, in which he is playing an important role. The wages of employees in financing institutions, therefore, get linked with high profits in trade and big industries simply because they occupy a vantage position in the economy.

The implications of the high-low interest are much more basic and far reaching than is generally realised. Broadly, there are two sources of credit, viz., private savings and State funds, including money created by the central bank. The cost of money collected by the State as taxes and money created by the central bank is negligible and could be used with no concern for the market rate of interest. In fact, it is on this account that public sector activities funded through the State budget are proverbially time-neutral unlike credit-based economic activities. However, the interest charged by the central bank becomes the reference point for the interest expected for credit from all other sources in the economy except the informal sector. Thus the bank rate has great significance, notwithstanding the fact that the quantum of money created by the central bank may be comparatively small. In the scheme of our analysis bank rate can be visualised as representing the minimal State levy on all economic activities within the ambit of the money system. This can be executed directly or indirectly and results in mopping up a share of the gains due to additives other than labour accruing to different partners in the national economy. For example, when the Reserve Bank of India provides support for agricultural operations through a network of credit institutions by refinancing, the rate of interest paid by the cultivator comprises the basic bank rate plus the cost of intermediations. Unfortunately, so far as the poor man's economy is concerned, this not only mops up the meagre non-wage additives enjoyed by the cultivator but also cuts into his wages. Thus the bank rate in the money system itself becomes the first step in the process of deprivation of the poor in the country. The same observations hold good for State financing of other poverty alleviation programmes. It must be conceded that institutional financing does give some relief, yet the fact that it still

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amounts to deprivation of the poor cannot be denied. On the other hand, when the same bank rate is applied to the organised sector, its burden compared to the huge gains accruing to that sector is insignificant. In fact, cheap money becomes the source of phenomenal power.

Market

Having thus analysed the crucial role of money in the entitlement game, we may now turn our attention to the market. We may begin with wage-goods which are essential for the subsistence of all human beings and thus provide the base for all activities of man including economic activities. Food is primary amongst all wage-goods. The carrying capacity of the globe itself is determined by the potential of food production in the world. Similarly in a closed national economy the level of food production will determine the subsistence level of the nation as a whole and, consequently, its optimum population. The sharing of goods necessary for physical sustenance by those not engaged in their production began at a very early stage of human history—for example, when early people began to specialise in the making of implements and crude weapons. However, since these new articles were needed by everyone in the community, distribution of the sustenance goods did not pose any problem. A mutually beneficial relationship developed between the producers of sustenance goods and non-sustenance goods of common use. The emergence of a new category of people like warriors and rulers, however, made a qualitative change in the situation—the sustenance goods producer was forced to part with a share of his produce to support the new establishment in return for certain questionable services. These two forms of sharing of goods and services, viz., exchange and expropriation, have existed for a long time. Taxation and trade have both these elements in varying proportions depending on the specific situation in each case. The indirect command over goods and services established through the introduction of money has gradually led to a very complex situation where it is not easy to distinguish between expropriation and exchange.

Taxation of agricultural produce has been by and large in the nature of expropriation. The introduction of money-rent during the British regime, which delinked taxation on agriculture from level of production, led to expropriation on an unprecedented scale and shattered the rural economy. However, as the value of money sharply declined after Independence, the situation has changed. Expropriation through land tax is now negligible. The dealings between the agricultural sector and others are primarily in the form of exchange of goods and services.

Exchange ordinarily presupposes some marketable surplus with producers of the concerned commodities. But this is not always so. For example, small farmers may be forced to sell a part of their produce to meet other basic requirements like clothing. Their own consumption of foodgrains, therefore, may be reduced to less than desirable level. Similarly social needs like daughter's marriage acquire higher priority

over basic consumption. Modern medical care is also assuming a similar role as people are becoming aware of its efficacy. With better appreciation of the need for education, even poorer people are prepared to limit their current consumption below bare subsistence level in the hope of a better future for their children. The scope of compulsive exchange is also sometimes enlarged by means not honourable. Introduction of intoxicants and monopoly on their supply are notorious examples of compulsive exchange forced by the State on people. Many an artifact of modern industry of little value and doubtful quality fall in the same category. But all this gets sanctified on the premise that it is only the growing need-portfolio which can provide the motive force for quickening the process of economic development without realising that a hungry person does not require artificial props for working hard.

Compulsive exchange is forced on the poor in the complex modern economy by acquiring command over goods and services including wage-goods through money in an arbitrary fashion. The depredation of rural economy and even starvation of those who produce foodgrains have been convincingly explained by Prof. Amartya Sen on the premise of entitlements perfected in this way. The virtual appropriation of foodgrains to meet the requirement of those working in the non-wage-goods sector is taking place in a subtle way through the operations of a money system having an aura of inexorability. The immediate as well as the continuing concern of the non-wage-goods sector is to acquire entitlement on the wage-goods to an extent which may adequately meet the current needs of its members. If the wage-goods requirements of a sector can be met otherwise than through exchange, for example, through a variety of levies, direct and indirect, it can afford to behave as an exclusive sector, except for the vital supply link with the wage-goods sector. In an extreme situation this link can be purely one-sided since nothing need move from that sector to the wage-goods sector. This will herald the rise of a dualistic economy par excellence.

Any process causing deprivation of a producer has a physical limit. Moreover, the one-sided drain, based on expropriation, may not be able to meet the full requirements of other sectors. Consequently, an element of exchange may also become necessary. There are two possibilities in this regard. A small surplus may be generated individually by a large number of people engaged in primary production like small farmers. Alternatively, a large surplus may be created by a small group like that of big landlords. In the latter case itself there are two possibilities. Firstly, the large surplus with a few people may be nothing but a cumulation of the gains of deprivation to which a majority of the people may be subject, as is the case in a feudal society. Secondly, the surplus may be the result of higher productivity, achieved by a few people as in capitalistic agriculture who may take advantage of modern science, technology and organisational inputs. The three situations are qualitatively quite different. In the first case, where small farmers are

responsible for generating the marketable surplus, development is broad-based. In the second alternative of feudal lords there is no development, only the process of deprivation gets deepened. In the third case of capitalistic agriculture there is development but its base is very narrow.

The nature of surplus determines the type of exchange between the two sectors and has implications for the overall development potential of the economy as a whole in the long run. When the incremental gains are broad-based, these will generate a higher demand for essential commodities for mass consumption. In the second case there is no additional production. Consequently, the overall demand of people engaged in this sector will remain unchanged. But its composition will undergo a drastic change. While the demand for wage-goods by the multitude will decline, the small elite becomes a potential market for articles of comfort and luxury. In this alternative, luxurious living is at the cost of the poor and may co-exist with the worst forms of destitution. In the third case the process of destitution may not be serious or, ideally, it may even be non-existent. Therefore, while the demand for wage-goods will remain static, that for luxury goods will rise as in the second case.

If we review the development of our national economy, a pattern emerges which can be explained in terms of the above theoretical frame. Firstly, the entitlements of different partners in the national economy are determined rather arbitrarily and are heavily loaded against the rural, the unorganised and the uneducated. All these three characteristics are shared by small and marginal farmers and agricultural labourers in the countryside who are, therefore, getting the worst deal. Secondly, the management of the money market is causing large scale invisible transfers from the small man's sectors, particularly the self-employed small entrepreneurs, traditional artisans and agriculturists, reinforcing the dichotomous character of our economy. Thirdly, the invisible transfer from the rural economy in general and the poorer sections of the people in particular, on a number of counts (which we will discuss in detail in a later chapter), is phenomenal, even though its quantification has not been attempted. *The sum total of higher entitlements perfected through a rapacious money system and huge but subtle transfers put together have led to a situation in which bulk of the requirements of the urban sector can be met through these expropriations and exchange between the agricultural sector at large and the rest of our economy on a significant scale is not really necessary.* The growing linkages with the international economic system through export of non-renewable natural resource, unmindful of the future national needs, and the import of agro-products which could be produced locally are subtle devices adopted by the modern sector to relieve itself of the sectoral obligations which it must discharge in a balanced national economy. In sum, the agricultural sector is being forced to export much larger quantities of goods and services to other sectors compared to what it receives from them.

Adverse Terms of Trade for Agriculture

The adverse terms of trade for agricultural produce have been taken as a normal feature of development because there is a parallel in the economic history of developed countries and the global economic system itself is basically cast in the same mould. The adverse terms of trade within the country are not only responsible for the big drain on the rural economy but, what is more and what is vital, they have greatly accentuated the polarisation within the rural economy. Since both these processes are inter-related we will begin with the analysis of inner dynamics of the rural economy and then proceed to study the implications of adverse terms for different sections therein. (This analysis closely follows the argument in a detailed study on marginalisation of owner-cultivators which is being published shortly.)

The economic condition of an agriculturist largely depends on the quantum and quality of his land, the extent of its development, irrigation and the level of technology used. The difference in production per unit area is comparatively small in the beginning and is attributable to the quality of land and the intensity of labour input. However, as land is developed and better agronomical practices and higher technology are adopted, this differential begins to grow and is increasingly relatable to the level of financial investment. The net agricultural produce of a farmer in terms of the frame presented earlier (pp. 22-23) broadly comprises four elements—return for labour input and three non-labour elements, viz., Nature's contribution and technological and organisational additives. The proportion of these elements in the net production, however, is highly variable depending on the parameters of each holding. In the case of marginal lands the productivity is low and the net agricultural produce small. Consequently, the net produce largely represents the return for labour input, the quantum relatable to Nature's contribution is minuscule and there is no element attributable to modern technology. The size of Nature's contribution increases as the quality of land improves. The technological additive also shows up quite early in better quality lands. It rises sharply and in due course becomes a dominant element in irrigated lands with better technological inputs.

The first major cause of marginalisation of farmers is the decreasing size of their holdings and/or deterioration in the quality of their land. This process is checked by measures for improvement of land and/or adoption of better technology. As the size of holdings of viable owner-cultivators decreases, the intensity of labour use increases. The net produce per unit area rises but its quantum per person employed decreases. An important concomitant of this decline is sub-optimal utilisation of labour. The economics of labour use of owner-cultivators with diminishing landholdings passes through two phases. In the first phase the holding is sub-optimal but the net produce is large enough to yield an income equivalent to fair wage or more. But in this phase the non-

labour elements in the net produce, viz., Nature's contribution and technological additive, if any, are gradually used up in that order to set off the growing diseconomy of sub-optimal labour use on smaller holdings. However, since the farmer's income remains above fair wage level his economy can be said to be quasi-viable.

But a stage comes when the holding is so small that the net produce with normal labour input does not yield even fair wage. Consequently, the cultivator makes the last bid to remain viable. He intensifies the labour input, which is the only variable at his command, to the extent possible within physical limits. The labour use now is not only sub-optimal but is unduly onerous, rather exhausting and can be said to be consumptive. (Induction of family labour is also a part of the same process as those who should not work join in to help the bread-winner before he is completely exhausted.) But even then the farmer remains viable only for some time and that too at a heavy cost. As the holding further shrinks, he is unable to earn fair wage notwithstanding consumptive labour use. Since the non-labour elements in the net produce had been used up earlier it is now the return for his labour which gets eroded. The cultivator is physically exhausted and economically non-viable.

There is a qualitative change in the situation of owner-cultivator as he crosses the viability-margin. At this stage no cushion of any type is left to absorb the shocks of a variety of vicissitudes - natural, man-made or otherwise. Consequently, even small setbacks force him to seek others' help usually in the form of loan. This becomes an additional burden which makes his precariously balanced economy still more vulnerable and non-viable. The vicious process of deprivation and liquidation of assets then takes over. The owner-cultivator is obliged to shed his inheritance, bit by bit, irretrievably. Finally he prefers to cast off the unbearable burden of the farmer's honour and dignity and starts working as a mere wage-labourer.

The emergence of landless marks the beginning of a crucial structural transformation of rural economy. At the one end labour gets alienated from land and at the other, land is possessed by those who do no work. The labour becomes a commodity and, therefore, amenable to being planned as an input. Consequently, long term employment is replaced by piece-work which means squeezing out the leisure-gaps and lower intensity work-stretches in agriculture and formation of pulverised work-blocks of desired specifications for casual labourers. These workers may get fair wages, yet this pseudo-rationalisation seriously erodes the due return of their labour. This is not all. Machine is the most rationalised version of labour totally dedicated to work having no superfluous demands and irrelevant goals, requiring no compromise and deviation from the Grand Design of Reason. The arrival of iron-men in crowded villages is insidious intrusion of the urban sector raising incredibly the virtual pressure of population. Under this new pressure the process of marginalisation is further accentuated

which, however, creates propitious opportunity for those commanding iron-men for enlarging their estates with equanimity and reason. In sum, so far as workers are concerned, the labour of those engaged by the lords of land is optimally utilised but 'hands' not required by them can remain without work. The share of labour in the net produce is drastically reduced on all counts and the proceeds of this deprivation accrue to the lords as reward for their organisational abilities !

The agricultural economy in this process gets fragmented and divided into many a sub-system. The sub-economy of landlords is fully viable with optimal labour use and prospects of fair wage for all its partners. The sub-economies of owner-cultivators may be viable, quasi-viable or non-viable according to their respective situations. The sub-economy of the dispossessed and disinherited landless people with limited opportunity of work is utterly non-viable. Thus the new rural economy is unexceptionally rational, but within the reference frame of the lords of the land indeed !

In a multi-sector economy the variation in prices of agricultural produce has widely different implications for different sections of agricultural economy. As relative prices decline, the net incomes of all farmers are reduced in the same proportion. But the crucial question is the nature of this loss which depends on the constituent(s) of the net produce which the farmer may lose in this process. Suppose agricultural wages are constant. Then the return for labour input in the net produce of owner-cultivators remains unchanged. Therefore, as price declines and value of their net produce is reduced, the non-labour elements in the net produce are eroded. The only cushion of ordinary farmers is Nature's contribution. As this element wears off they face wage-erosion. Progressive farmers have a second cushion of technological additive which saves them from wage-erosion but only for some time after which they are also marginalised. It is only bigger farmers who are spared the trauma of marginalisation. The impact of adverse terms, therefore, is highly regressive.

The effect of declining relative price on the farmer's economy is similar to that of sub-optimal labour use. Both of them cause erosion of Nature's contribution, technological additive and finally return for labour in that order. The impact of declining relative agricultural prices on farmers in real life situation will depend on the size of the non-labour element(s) in the net produce. This, in its turn, *inter alia*, depends on the nature of labour use which is qualitatively different for farmers in different categories. It is consumptive for non-viable, sub-optimal for quasi-viable, optimal for viable and pseudo-rationalised for big farmers. Consequently, as prices decline, non-viable farmers from the very beginning are obliged to contend with two adversaries, diseconomy of sub-optimal labour use and devaluation of their produce. Since in their case the non-labour elements are already set off against the diseconomy of sub-optimal labour use, the price decline straightaway

cuts into the return of their labour. But even the quasi-viable and viable farmers begin to feel its pinch quite early. Those farmers who sustain themselves on smaller holdings by adopting higher technology also gradually lose the benefit of both non-labour elements and in course of time become non-viable. Thus in all these cases the decline in relative prices at some stage or the other begins to erode the due return of labour. It is only the bigger farmers who remain viable since the labour use in their case is fully rationalised and they are in a position to retain a substantial part of non-labour elements as well.

Another facet of adverse terms of trade is the vicious interplay between the relative decline of agricultural prices and depressed agricultural wages (see pp. 310-11). If agricultural wages are depressed, it implies under-valuation of the element relatable to labour input in the net agricultural produce which in turn leads to depression of agricultural prices. Thus a vicious circle is set in. It is important to note here that agricultural wage is not determined by the paying capacity of bigger farmers but by that of smaller farmers who face the real brunt of declining prices. The low agricultural wages through their role in depressing agricultural prices are responsible for a dual effect on the farmers' economy—they depress the valuation of (i) farmer's own labour input (reflex effect) and (ii) the non-labour constituents of his net produce (multiplier effect). Since the effects of declining prices are highly regressive the economic situation of those near the margin deteriorates very fast. This leads to a big squeeze on wages in the sub-economy of small farmers which, through reflex and multiplier effects, mauls their own economy and through it the agricultural economy as a whole.

Here we face a crucial question—how the declining agricultural prices are justified in the face of blatant inequity to the agricultural sector and their highly regressive impact within that sector particularly when they are largely managed and administered by the State? The clue to this riddle lies in (i) the highly variable composition of the net agricultural produce of individual farmers, (ii) the general perception about the value of farmer's labour and (iii) their entitlement to non-labour elements in the net produce. The highly biased perception about the value of farmer's labour is clear from the unabashed use of label 'unskilled' for it and starvation level of even statutory wages of agricultural labourers. Similar is the position about their entitlement to the non-labour elements. If these elements were conceded in full in their favour, prices will have to be so fixed that the value of the element relatable to farmers' labour in the net produce is not less than fair wage. Thus the income level of viable and even quasi-viable farmers will be higher than fair wage. Only the non-viable farmers will not attain that level.

The situation becomes quite different if farmers are not entitled to non-labour elements. Since the proportion of these elements in the net produce is variable, prices will depend on the economics of the reference group, real or notional, taken for price determination. For example, if

viable farmers are taken as a reference group, the price of a commodity determined with reference to their economy cannot be taken as a fair deal to all farmers. It could be fair to the viable group and also those who are better placed compared to them. But it cannot be fair to those enjoying less favourable parameters. In fact, even if some margin is built into such a price it will wear off even as one moves a little to the unfavourable side of the reference group where the vast majority of quasi-viable and non-viable farmers are located. And in their cases it is the wage element in the net produce which gets eroded.

The unstated premise about Nature's contribution at present is that it exclusively belongs to the nation and no one including the farmer has any claim to it. The position regarding farmer's entitlement to the technological additive is ambivalent but it is virtually unrecognised. Consequently, the choice of reference group is crucial in agricultural pricing. It is the progressive farmers who are quite vocal and also conscious about the input-output economics and who tend to occupy the centre of stage in price fixation. In practice, however, even their claims are ignored and price fixation is rather arbitrary, the major concern being the interest of urban consumers without any consideration for relativities between the two sectors. Consequently, while progressive farmers may get a sop, the economy of the vast majority of Indian farmers and extensive regions which still depend on rainfed agriculture and have not received any benefit of modern technology is literally mauled. These depressed prices make deep inroads into the wages for the arduous labour which the ordinary farmer is required to put in in a sub-optimal setting in the absence of any alternative.

The position of big farmers and agriculturally advanced regions/pockets is different. The proportion of non-labour elements in the net produce is much higher because of better land and higher technology. Many of them can afford a choice of crops, usually non-cereals and cash crops, whose prices are no doubt influenced by the general squeeze on agricultural economy but are not generally regulated and administered like cereals. The gains on account of pseudo-rationalisation of labour use are also substantial for bigger farmers. Consequently, their net income even after discounting the effect of depressed prices is quite large. However, many farmers even in this privilege group are only marginally viable whose economy tends to become non-viable on account of rising costs of inputs and services. But as the basic premise of the pricing system disentitling the farmer of the non-labour elements is not questioned their concerns get focused on limited issues like cost of inputs vs. agricultural prices which are non-issues for ordinary farmers. The organised sector does not mind conceding small concessions to them, which in effect serves as subsidy to the input industry in the organised sector.

In this milieu the basic issues of fair wage and entitlement to non-labour elements in price determination are conveniently ignored. Conse-

quently, owner-cultivators in our country are being subjected to secular regression towards the margin and are destined to become landless, may be, sooner than later. A state is fast approaching when only those farmers who employ labourers can remain viable. The class of owner-cultivators will progressively vanish like the grin of Cheshire Cat. Even some of the bigger landowners cannot remain comfortable for long. In the end there will be only two classes in agriculture—the lords of land with hands unsoiled and the sons of soil with soiled hands !

Equity demands that all workers irrespective of the sector of the national economy in which they work should be entitled to fair wage. Quasi-viable and non-viable farmers and agricultural labourers specially deserve fair wage entitlement for they are making significant contribution to the national economy, which is crucial in the frame of limited resource base, through their hard work notwithstanding the sub-optimal and even consumptive character of their labour use. But the net produce of these farmers cannot yield them fair wage unless the benefit of non-labour elements is conceded in full in their favour. If this is done most of the submarginal lands and smaller holdings will become viable as the diseconomy of labour use will get set off against the benefits which will be retained by them in the form of non-labour elements. As the proportion of non-labour elements in the net produce increases with improvement of land, irrigation and better technological inputs, even very small holdings will become viable or quasi-viable. Thus as the carrying capacity of agriculture at a reasonable level of living increases the process of marginalisation will relent. The agricultural wages will also rise as the paying capacity of ordinary farmers improves.

But there is another side of this picture as well. The inequality of incomes within the rural economy will further accentuate since feudal lords and capitalist farmers stand to gain on all counts—larger holdings, better lands, higher technology and pseudo-rationalised labour use. Moreover, all gains are retained by them more or less in full and the share of labour in the net produce becomes increasingly smaller. This problem of distribution in the rural economy cannot be resolved unless the land is restored to its tiller.

While redistributive processes within the rural economy, both in relation to the ownership of land and sharing of its produce, are quite weak, bigger landowners have been spared direct levies by the State. This has created an impression of favoured treatment for the rural sector as a whole even though in reality this sector is being taxed through managing the terms of trade. Here everyone—the big, the small and even the marginal farmer and landless labourer—is paying and paying heavily. The unfortunate fact that this indirect levy is highly regressive is not even realised. It is rendering the small farmer non-viable and making deep cuts into the wages of the poorest sections of the society. This explains why the agricultural sector is not able to sustain even the highly depressed and exploitative minimum wages

notwithstanding a variety of legislative sanctions for their enforcement.

The attention from the main issue of deprivation of the rural economy as a whole and destitution of a large majority of the rural people is diverted by pointing an accusing finger towards a few islands of affluence and those big landowners who have become rich through capital intensive agriculture. But it is conveniently ignored that the general squeeze on the rural sector gives this group an opportunity to add to their personal gains at the other end. As they wallow in the ill-gotten wealth and try to keep up with the Joneses in the urban sector, there is no occasion for the larger issue being even raised seriously.

Some of the smaller cultivators are also comparatively better off wherever they have received the benefits of investments in agriculture like irrigation and have adopted better agronomical practices. Similarly those who have changed over to cash crops have received a better deal from the organised sector. The viability of these cultivators has improved significantly. However, all these groups together comprise a small section of the rural population. The extra benefit in their hands, particularly in those of bigger farmers, must be mopped up. But there is no case for these gains being syphoned off to the organised and the urban sectors. Those sectors are themselves guilty of retaining for themselves the large dividends accruing in those sectors due to the application of modern technology. Therefore, a system should be evolved so that the benefits which accrue to bigger farmers and other favoured groups are not allowed to be cornered by them but are retained and redistributed within the rural economy. Higher wages for agricultural labour and a system of local taxation will serve the purpose well as will be discussed in detail later.

It is unfortunate that in the absence of a clear policy in this regard the large masses who have not received the benefits of investment in land development, irrigation and technology are carrying the gruelling burden of the regressive indirect taxation through adverse terms of trade. They are becoming pauperised. While the incidence of transfer of resources from rural areas to urban areas continues to rise, the overall purchasing power in the hands of the poorer sections is being drastically reduced.

The consequences of the overall economy are exactly the same as can be expected in such a situation. The production of wage-goods and other essential commodities, as also the basic social services for improving the quality of life in the nation, continues to be inadequate, as is exemplified by the large masses living below the poverty line. As polarisation is sharpening, a large market for luxury goods is being established in the urban sector as well as amongst the elite sections in rural economy. The transfers to the urban and the organised, due to deprivation processes, including administrative levies and the growing demand of the rural elite for exotic goods and services together, are more than sufficient to balance the net demand of agricultural produce of the organised sector, taking into account the convenient augmentation by imports. The rural economy in general thus is being drained without adequate returns to the toiling

masses. Ironically this has created favourable conditions for the other groups and the non-wage goods sector is in a position to move on its own. It feeds on itself, creating yet more opportunities for luxury goods production and better living conditions for its members with no connection with the condition in the wage-goods sector.

This has two serious consequences. Firstly, a new wave of consumerism is sweeping the nation and is becoming stronger everyday. The processes of deprivation are being accentuated for immediate gains by those in vantage positions both in the rural as well as the urban sectors. Secondly, the overall market for non-wage goods and essential services is rather limited, as a large section of the population is being forced out of the market. Therefore, while the imbalances are growing, the overall pace of growth of our economy is becoming slower, and its achievements are far below the optimal potential which could be otherwise actualised.

The capital intensive luxury sector is yielding very high dividends. But its market can be sustained only by an inequitous distribution in the national economy as a whole, as also in the rural economy. The polarisation and deprivation in the agricultural sector is, therefore, serving the immediate interests of the organised sector. This relationship between the organised sector and the rest of the economy is qualitatively the same as between the central and the peripheral economies in the global context. In the new GNP matrix obviously the organised sector is looming large, which is mistakenly taken as a sign of progress and development following the model of developed nations. Moreover, the invisible processes are not being reflected in the production functions which gives a greatly distorted picture of the reality. It will be necessary to identify clearly the real springs of production in our economy for a better understanding of the poverty issue and the possible alternatives for its alleviation.

Contribution by Different Groups in the Organised Sector

We can sub-divide the organised sector in a few groups, in terms of their contribution to the national economy in broad terms. Firstly, there are critical services for the nation-state, like the Armed Forces, whose contribution cannot be in terms of economic goods but in terms of national security. Obviously they comprise a consumer group. Secondly, there is a large group of public services some of which like the police and general administration are in the nature of basic infrastructure for holding the economy. A significant role, though a partial one, of this infrastructure like the extension services, is that it serves also as an aid to the productive processes. However, the size of our public services is known to be very large compared to the real needs. The overall contribution of this sector to the production has been widely questioned. In fact, it appears that its mass is now so big that it is becoming dysfunctional in many cases. For example, a reasonable state of law and order is usually taken for granted in a civilised society which enables the citizens to live in peace and attend to their work. The situation in some areas in our country,

however, has become rather bad, notwithstanding the phenomenal increase of the police force of numerous descriptions. Proliferation of these forces is perhaps itself one of the major contributing factors since it has resulted in diffusion of responsibility. It can be reasonably presumed that the claims of public services on the economy in the form of its total cost to the exchequer are highly inflated. The advantage of this group is that the decision makers concerning all sectors of our economy themselves belong to it. Not only this, they ensure that their own interests are not compromised. They may allow large benefits to others if there is a possibility of even a small fallout benefit reaching them even indirectly.

The third large group is that of intermediaries of all description—institutions and individuals engaged in trade, commerce, construction, etc. They are highly organised and their margins are too large by any standards. The dual character of the money system with oracular high-low interest rates is helping it to inflate its claims to satisfy its unsatiable greed through a nefarious money-game. This group, as also the second group, has accommodated a significant part of the growing population, particularly in urban areas even before the emergence of a strong secondary sector in the economy. Moreover, by offering trifling favours to those who matter out of the huge potential gains, they are able to influence the system in their favour, increase their share and legitimise it. This group has now become so large and pervasive that it is difficult to strike any correlation between the real contribution of the various factors of production and the consumer price. Its contribution to the national economy is trifling, compared to what it is concerning at the moment.

The fourth group comprises the larger production units in the private and the public sectors. These units comprise the leading sectors in the process of transformation of the national economy. This group enjoys the maximum benefit of additives due to technology as well as organisation. These advantages are reinforced by the favourable money-market specially attuned to its needs. Moreover, they are also major beneficiaries of the windfall gains in the inflationary price rise. The private sector units have added to their profits by establishing retail outlets and acquiring monopolistic hold on the market. The overall performance of this sector is not commensurate with the tremendous advantage it commands on all these counts. Firstly, this sector has also acquired an unproductive mass, both directly and indirectly. Many institutions and organisations are dispensable appendages to it, performing a variety of superfluous functions unrelated to its core, particularly in the context of our national economy. Members of this group comprise labour aristocracy, affluent middle management and vulturous top executives addicted to vulgar consumerism. Consequently, the rat race which began with the intermediary groups naturally infected the private sector enterprises. Those in the public sector also could not be left far behind. Claims for parity are pressed by the executives and labour groups alike, using the weapons at their command perfecting their claims on the system, straining it to the maximum

with no relationship to their real contribution. Moreover, there are huge leakages from this sector, adding to the torrential flow of black money.

As a leading sector in the economy this group could be expected to optimise the additives due to science and technology as also organisational inputs and to convert them into tangible goods and services of mass consumption. It should have passed them on to the larger system without retaining an unduly large share for itself, simply because it happens to be the instrument for its actualisation and is located at a vantage position in the economy. This has not happened. The leading sector has added a superfluous mass around it which shares its aura and arrogance. It has given rise to a new vulgar culture with unsatiable demand for 'phoren' smuggled goods and luxury production within the country. A big service sector has grown around this group which also claims commensurate returns within the affluent frame, creating an impression of growth. These hangers-on even earn applause of policy makers for their contribution to the national economy by creating opportunities for self-employment. They even commandeer support of the system for essentially superfluous activities. A critical analysis will show that at best the net contribution of the non-core groups in the inflated organised sector is insignificant. It appears that even the core in the organised sector has become a net consumer taking undue advantage of its vantage position and a beneficiary of the various deprivation processes which have set in our economy.

As we move on, the position of the semi-organised and unorganised sectors completely changes. The masses belong to these sectors. Here we find talented people endowed with varied skills acquired assiduously within the family or the community or under master craftsmen through hard work and long practice as a part of the great national heritage. We have the cultivator, a master of his craft, following a technology evolved over centuries adapted to the unique setting of the micro-space of his region. These sectors do not lack dynamism as is generally believed by the arrogant elite. They are absorbing the benefits of new advances in science and technology but with caution and largely as a part of percolation process whose pace is rather slow. Many sections among them, however, have not received any benefits of these advances. It is partly due to their inability to acquire the necessary skills and tools and partly due to ignorance. The process of deskilling of a substantial section of the rural society, which started during the British days and claimed a heavy toll in Indian economy, continues to have its sway in many an area to this day. Moreover, in a scene dominated by the modern sector, many of the traditional skills have been neglected and devalued. They also suffer from caste-based biases and continuing exploitative relationships. The result is that the returns are not commensurate with the real contribution to the production.

The most striking example is that of agricultural labourers. The agricultural skills so far are not considered as worthy of being accepted as 'skills' in the new system unless they acquire a mark of modern technology. Consequently, the most basic sector of agriculture in our economy has been

dubbed as unskilled. The low return to the people engaged therein, therefore, is easily explained, dispensing the need of any deeper probe and analysing the processes of deprivation which are the real cause of the deplorable conditions. This view is further reinforced by the benefits which have accrued to that small section amongst these groups, who have been able to link their activities with the urban, and the organised affluent like the suppliers of milk products and vegetables or some of the fortunate traditional craftsmen. In the absence of a clear perspective about the 'order', these gains which can accrue to a small group, at best are eulogised and even presented as representing the possible lines of breakthrough for the national economy. The myth is exploded as a large scale replication of such schemes flounders on the hard rock of reality. However, the obsession is so pervasive that instead of attempting an incisive analysis and facing the reality, some rationalisations are invented which give a further lease of life to essentially the same programmes, may be in a new form without any change in the basic approach. The game continues from one grand failure to another in the name of the poor.

The reality of the situation is that it is the broad-based semi-organised and unorganised sectors which comprise the firm foundation of the national economy and are providing stability, notwithstanding the artificially reduced share in the national income data by the transparent device of vitiated exchange equations. It is these groups minus the irrelevant fringes discussed above, who are bearing the brunt of loaded developmental processes and facing the vicissitudes of fluctuations in the system. In these sectors people are engaged in a gruelling struggle for existence; they are making the best use of whatever comes their way; they feel helpless only when something is beyond their comprehension and capabilities. It is the hard work of the countless millions, aided by small gains of new technology which has given the economy the firm base. Their contributions unfortunately are not recognised. The self-righteous masks of the organised and the urban would be torn to pieces the moment the existence of inequitous equations is conceived and the national income accounts are rewritten allowing to each individual what is due to him for his labour, his skills and his ingenuity. Unfortunately the insidious processes of expropriation are operating relentlessly against the real creator of wealth in the favour of those in vantage position in the organised sector.

The organised sector is not even conscious of its serious and responsible role of a trustee in the modern system. The richest springs of new wealth which happen to be surging through in areas under its command are largely a creation of new advances in science; technology and modern organisation are a common heritage of mankind. It is the modern sector which has the great potential of generating large surpluses and extending the benefit to those sectors which are away from the main stream of science and technology. But this sector has adopted a monopolistic posture, which is largely responsible for additives due to organisational inputs becoming negative and has perfected its claim on additives due to science and technology. The saddest part is that

it continues to imbibe the old capitalistic frame. It is being sustained and supported by the net surplus in the rest of national economy which is largely the cumulation of those innumerable bits which get collected by depressing the consumption levels of countless millions in the unorganised sector. Such expropriation could perhaps be justified as a means of generating savings and stimulating investment in the early phases of capitalistic development when modern technology was nascent and the additives due to it were not large. But in that phase capital formation was sustained not only by mopping up surpluses in other sectors but also by ruthless exploitation of the labour within the organised sector. No one in the organised sector is prepared even to go slow on vulgar consumerism, let alone any sacrifice for national development. All those in the organised sector—labour, manager and capitalist—have made a common cause notwithstanding their internal quarrels. This sector is not growing on the base created out of its savings. It is drawing upon the gross production in the unorganised sector through the various invisible processes, even using the State apparatus, directly and indirectly. It is not leaving in the hands of the producers in other sectors even a small part of the gains accruing to them as nature's benevolence and the dividends of science and technology. They are also being deprived of a substantial part of their due returns for labour input. If these processes and policies continue, the contradictions will continue to grow as the organised sector grows leading to the destabilisation of the entire economic system.

CHAPTER 4 **The Urban**

The second major dichotomy in our national economy is urban-rural. Some aspects of this dichotomy came into focus even in our review of the adverse effects of a uniform money system on the small and unorganised sector in general and the rural economy in particular. We will now examine this dichotomy in some detail so that other deprivation processes can also be clearly identified. In our country there are some myths as well as some riddles in relation to the rural and urban economies. A myth is that the modern organised sector in the urban areas is carrying the cross of national development, all by itself. The rural sector is highly pampered with large scale subsidised plans presumably at the cost of the former. The riddle is that as a nation we appear to be greatly concerned about rural development and are planning for the village and the poor. Yet it is the cities which are prospering while the villages continue to languish. There can be only two explanations. Firstly, our basic premise underlying this riddle may be wrong. Alternatively, there may be certain forces which may be outside the ambit of the planning frame and, therefore, not discernible so far as the planners are concerned. Even so, they may be powerful enough in real life to undo whatever may be planned for the village and the poor.

Let us begin with land, the biggest asset in the rural areas and the base from which all communities initially started their economic life. The story of the alienation of man from land and the cultivator from the soil in the feudal and capitalistic phases of human history are well known. In our country the British rule proved to be the great divider in this process. Early man visualised land as Mother Earth. He worshipped the Earth and propitiated the deities. No one could be the owner and none the master. Nevertheless, these communities did exhibit child-like possessive instincts for enjoying undisturbed the bounties of Nature in the area where they lived and perfected their 'command' to the exclusion of others. The individual members had the right to share the gifts and later, with the invention of settled cultivation, the right to use a specific piece of land and enjoy the fruits of individual labour. Notwithstanding their exclusive possession, members of other communities in trouble were allowed to join in as co-sharers in due course. In this arrangement no consideration could be expected for the use of land for raising crops, the individual's labour and

the land being accepted as inseparable constituents of the production process. The levies imposed by the rulers were accepted as considerations required to be paid for their superior powers. But this did not make any difference since the basic relationships between the community, the individual and the land remained unchanged. In modern terminology this was the stage of communal ownership of land which even now prevails in some of our tribal areas.

The concept of individual ownership shattered this idyllic world and made a qualitative change in the relationship between the land and the tillers. The individual becomes the 'master' and the land a disposable commodity. A strong person like the feudal lord became the owner of large areas while the tiller of the land got designated as a mere serf. The extension of this concept by the British in India created new categories of people -- the landlords and tenants. The landlords became partners of the British ruling class in the process of devastating exploitation of the economy through the levy of exorbitant land revenue unrelated to the state of production. Migration to the newly established towns and traditional urban centres followed. The absentee landlords added to their fortunes at a great cost to the rural economy.

The abolition of intermediaries after Independence apparently closed this chapter of expropriation of rural incomes by the absentee landlords living in city centres. But another chapter of insidious transfers, incomparable in its severity to the former, began. The mischief started by the recognition of individual ownership right over land has continued. A large section of tillers of the land lost their holdings fully or partially and this is now reflected in the concentration of land assets in a comparatively small section of the rural community. The play of money, as discussed earlier, has mauled the economy of the small cultivator further and intensified the process of alienation of the tiller from the land. The great favours which large investments now bestow on bigger cultivators with the deepening of capital, particularly with the use of labour-displacing machines, have subjected very large areas to backwash effects, intensifying the polarisation. This has also bestowed some spread benefits in the immediate neighbourhood of the bigger people and created a haze, making it difficult to pass a clear verdict about its implications for the large mass of the poor located at a distance on the periphery.

Another important factor contributing to increasing pauperisation within the rural area lies in the very nature of our economic development of supporting the high tide of consumerism. The towns with their highly inflated incomes have established an autonomous sector of luxury commodity production with trade links with the rural elite. Greater economic demand could ordinarily be expected to become the motive force for greater productivity and higher production. But there are three important factors in our national scene at this moment which are inhibiting the rise of these forces. Firstly, there is a milieu of quick success without the requisite individual effort, the crucial link between rewards and effort having snapped

for a variety of reasons. Secondly, the inequitous distribution of land—the only productive asset in the rural area—and the lack of alternatives combining with growing pressures of population, have made the position of the poor man more vulnerable. Thirdly, higher education, as also social links of the rural elite with the administrative network, which has become quite extensive, have given them a new authority and tremendous power. Consequently, instead of following the long and tedious way to higher income generation by personal effort, the easier path of greater expropriation from tenants, share-croppers and agricultural labourers is adopted. The demand for higher wages is met with great resistance and even the powerful system of law and order, administration and justice is used with impunity for consolidating the hold of the elite. Thus a significant part of the agricultural surplus within the rural system is generated through expropriation by the elite and this is available for trade in non-essential commodities making the system as a whole fragile and vulnerable.

Another dimension of alienation of the tiller from the land is social. This condition almost unnoticed is assuming huge proportions with serious consequences for the rural economy. It comprises a complex interplay of socio-psychological forces like aspirations, education, social custom and civil law. Urban areas are characterised by (i) new opportunities in the wake of economic development, (ii) an incomparably easier life with a variety of modern amenities, (iii) freedom from struggle for raw existence and an assured future, and (iv) greater security of life and property for those who get incorporated in the new system of powerful organisations. Consequently, the better-off sections of the rural community, who also happen to command the bulk of the land resources, are under the influence of a complex array of pull-push forces. Firstly, while some of those who can afford may prefer to move to the urban areas or maintain an establishment there merely for enjoying the creature comforts of city life, many more may do so for providing better education for their children. In many areas the movement is purely for considerations of security. Thus a new type of quasi-absentee landlordism is appearing amongst the middle peasants who for reasons of logistics cannot themselves cultivate and depend on informal arrangements like share-cropping, tenants at will, and short-term and long-term contract labour. In this process in the first stage there is only transfer of incomes from rural to urban areas. However, the intensity of exploitation of the tiller of the land increases substantially in the new matrix since the mere subsistence requirements of the absentee landlords in the towns are quite high. As the town-based gentry find it difficult to live within the current incomes, they may be forced to dispose of their land. Thus gradually a second phase of transfer of assets begins. Moreover, many of them lose interest in their rural homes and acquire a foothold in the urban economy. As they finally settle down in the town their rural links are snapped.

The transfer of current incomes and capital assets, however, is occurring on a phenomenal scale for some other reasons like differential

educational facilities, city-centred employment opportunities for the educated and the law of inheritance. Even a small cultivator can hope for a better future for his children if he can give them a good education. The standards of educational institutions are so low in the rural areas that even for moderate prospects for their career he must send his children to an urban institution. More often than not, even a middle peasant may not be able to afford this luxury. Besides it is obvious that girls cannot be sent alone and at the same time at least one son may be needed back home for looking after the land. As one or more sons are sent out to attend urban institutions for education the transfer of current incomes begins on a substantial scale. This transfer in a way gets capitalised in the educated young man. Some of these educated youth may be able to get a position commensurate with their aspirations and their place in the rural social hierarchy. Many, however, fail to do so and may have to be satisfied with lowly jobs. They supplement their incomes through their rural links to maintain a reasonable standard. Initially the supplementation may be by their parents out of affectionate consideration, but after their death a share in the rural income is claimed as a matter of right. The law of inheritance comes into play at this stage. The brothers living in the village are doubly punished in so far as they did not have the benefit of education earlier because their parents could not afford it and later are required to honour the claims of those who got the benefit of a good education and a better start because that is the custom and also the law. In due course the urban-based partners lose interest in their rural homes and prefer to settle their claims in the property. Here is a quantum-transfer which leaves the rural partners poorer and less viable.

In one other way social obligations and the inheritance law reinforce the process of alienation and that is through the daughters of the family. Only a very small number amongst the girls in the rural areas get the benefit of education in urban institutions, though that is not entirely unknown. However, there is a well-established custom in Indian society that daughters shall be married into families of a status higher than one's own. This social obligation is very strong. One may be reconciled to a son not doing so well in life since he remains in the family. In the case of a daughter, however, her future is entirely dependent on her parents' ability to get a suitable match and marry her into a good family. Hers is a completely dependent position. In this socio-psychological setting many a parent would wish their daughters to be married in urban families with the prospect of better and more comfortable life, away from the drudgery and discomforts of a rural household. Lack of education may be compensated by a heavier dowry. It is in this great desire of an average parent and the rather limited option of grooms enjoying a secured position in the organised and the urban sectors that the spectre of dowry has assumed gigantic proportions. But the story does not end with this distortion of social custom in the emerging dichotomous milieu. The daughter has now acquired a new claim—a share in the parental property—and has become akin

to the other urban-based co-sharer we have discussed earlier. The male partners have a stake in the family property being co-parsoners according to the custom. The daughter can have no such interests. According to custom amongst the Hindus the property should be shared by others and her links are not with the family of her parents. In the rural areas girls are often married in far off villages. As a result she or her husband cannot cultivate her piece of land personally. She may, therefore, be persuaded or even forced by her husband to claim her legitimate share in the family property and dispose it off. Thus a part of the capital asset of the family is transferred to the new urban household.

This process, however, has not assumed large proportions compared to the disastrous potential created by the law of inheritance for a variety of reasons. Firstly, even though the law has given the daughters the right, it has not acquired full acceptability amongst the people. The position of the daughters has been secured in the traditional custom by according the daughter a very high social status in the parental family besides a series of obligations on numerous occasions like festivals, child-birth, marriage, almost throughout the life intertwined with emotional bonds. Claiming a right according to the new law certainly breaks those threads. Nevertheless, the process has begun and many a parent has become cautious about these claims. The reason is simple. If the daughter were to live in the village, a share in property for the girls would have meant more partners but the land would have continued to remain in the extended family as amongst the Muslims. But in this case the land goes out of the family since no one, except the rich, can afford to have cash-value of their property for sharing equitably. This spectre of loss of family property and its acquisition by others in the village forces them to seek legal remedies in the form of executing a will to avoid these transfers. This again involves a substantial cost. In case such precautions are not taken and the claims are made, they are not conceded easily resulting in litigation, fabrication of evidence, violence, etc. The net result, for the purposes of our analysis, is the same—transfer of incomes and assets to the urban sector, pauperisation of the cultivator and increasing alienation of the tiller from the land.

This invisible flow of resources from the rural areas is taking place in all strata of society though the intensity at the lower end is not as severe for the simple reason that the poorer people do not have as many tangible assets. In their case the situation is quite different. Initially a poor man may move out alone leaving his family behind, earn something away from home and come back with whatever meagre savings he has. His family may subsist on the small holding in the village or merely on casual wage employment. As the individual acquires some foothold in the urban economy, he may decide to move out. Initially he may be content with small incomes which he may get through informal arrangements and supplement his urban earnings. In due course, however, he may dispose of his rural property and thus effect the final transfer of his rural assets to the urban areas.

The supplementation of incomes from the rural areas through claims in the ownership of lands is quite widespread, particularly through those people who are employed in the quasi-organised sectors and who are a part of that sector of endless intermediation where net incomes may be very low. They are forced to accept jobs almost on exploitative terms, since the only choice before them is to go back to the village and be content with the incomes which they may be able to get through informal tenancy in addition to putting up with a harsher life compared to the comforts of the towns. Thus, in effect, a substantial part of the services in the urban sector is subsidised by money incomes from the rural sector and the urban areas are doubly blessed with cheaper service and invisible transfer of resources.

As the difference in per capita income, styles of living, civic facilities, social services, etc. between the urban and the rural areas widens, these invisible transfers are also assuming increasingly larger proportions since they mainly relate to and emanate from that section of rural population which controls the bulk of the land resources. Lest our analysis of rural-urban relationships becomes one-sided, it may also be noted at this stage that the rural economy is also a recipient of invisible transfers, though on a much smaller scale. These transfers assume numerous forms. Firstly, people from the rural areas may take employment in the urban areas without leaving their rural homes. This form of transfer has special significance for those rural areas which are located within the zone of influence of the urban and industrial centres—in essence, the benefit of the well known spread-effect. However, in these areas certain other forces may get started which may be detrimental to the rural economy notwithstanding the income gains to a section of its population. For example, when land itself is acquired by the State or any other organisation for any purpose whatsoever, the very base of the people's economy is knocked out. We have already noted that the rural links in the case of those who move to distant urban centres continue only for some time and the urban-rural flow of incomes is rather temporary and the counter-flows are much stronger. Secondly, the rural areas also get the benefit of many a service which is organised on a national scale and in a way represents invisible transfers. Even here we have a two-way process. The bulk of the infrastructure of the rural services itself is urban-based with big towns as their main centres. This spreads out to smaller towns and thence to the countryside. Most of those who man modern institutions established in the villages have a town base. Thus, a substantial part of the expenditure incurred on these services and incomes generated in the rural areas flows back to the urban areas. The net gain of the rural economy is relatable to those persons who belong to the rural areas and continue to have a rural base. This happens to be the case, for example, with most of the menial jobs and may be with some primary school teachers as well. The net flow to the rural areas, therefore, through the services sector even under the best of conditions is likely to be quite small. In actual practice, the system results in a drain on the rural economy. The reasons for this we shall examine later.

An important source of invisible flow, without a significant counter-flow, is relatable to the uniformed services in the army, para-military organisations and even the police which have neutral 'camp bases' outside the rural-urban dichotomy. The rural links of the personnel working in these forces stay intact for most of them since there is no possibility of their acquiring an urban base. Firstly, there is a regular flow of incomes through remittances to the family. When the individual returns to the village on retirement, it is a net gain to the rural economy in the form of higher skills, better understanding and enhanced self-esteem. The incidence of this benefit to the rural areas in our country, however, is uneven and may be insignificant for the bulk of the rural economy.

The implications of invisible flows become clear if the conditions of rural Punjab are compared with those of other rural areas in our country, particularly those in northern and eastern India. With a view to presenting a comprehensive picture we shall take note of all factors contributing to its prosperity including the favourable invisible flows. The story begins in the early part of our century with the establishment of a network of irrigation canals and a substantial investment in the rural economy of this region. This is a period before the organised and the urban sectors emerged as a dominant force in the national economy. With the introduction of irrigation not only did the overall production increase, but there was a change in the cropping pattern and substantial lands were brought under cash crops. This yielded significantly higher income to the rural Punjab. The shock of partition of the country and the resilience shown by the Punjab economy in the face of that event are quite well known to be related here. Investment in agriculture obviously plays a crucial role in the development of the rural economy. The question is, how did the process of capital formation begin and was sustained in Punjab. Besides the initial input by the State in the form of irrigation projects, the quantum of invisible transfers to the rural economy by service personnel has been quite high beginning as early as World War I. As we have seen earlier, the dynamics of employment in uniform is qualitatively different from other forms of employment. The continuous flow of remittances to the rural homes reaches its culmination with the return of the individual along with his retirement benefits and a high skill-endowment. As a significant section of the rural population got the privilege of service in the armed forces, the general milieu of the rural areas did not deteriorate even in the context of changing equations. Even with the emergence of the urban sector in the national economy it was possible for them to maintain traditional sense of honour in their way of life. It may be mentioned here that rural Punjab had escaped the Permanent Settlement and even the Zamindari system which had grave consequences for the rural economy in Bengal, Bihar and U.P. The field functionary of the administration, particularly the new extension agencies could not afford overbearing posture in rural Punjab as they did in rural areas of other parts of the country. They accepted their service role in greater humility and a better communication was established between the service

centres and the enlightened farmers. Thus, a beneficial relationship had been established between the administration and the people in the rural areas and the administration did not emerge as an adverse force.

Thus, rural Punjab got the benefit of public investments and also of the invisible flow of incomes and skills of the serving personnel. The services of the extension agencies which were established with the introduction of the Community Development Programme were of a better quality and the system was largely free from malevolent situational traits. Its benefits have been shared by a substantial section of the peasantry through the phenomenon of natural spread and demonstration effect. However, some differentiation has also crept in as the larger landholders not only received the benefit of landesque investments like irrigation, fertilizers, better seeds, etc. but also found labour-displacing investments in agricultural machinery profitable. The institutional credit for reasons discussed earlier further helped the comparatively larger landholders. This process had led to polarisation in all those rural areas which gained from new technology and investments. Since these gains accrued in much larger measures to some regions including Punjab, this polarisation also acquired a geographical dimension in the larger national frame.

The investments in agriculture carried out in Punjab created buoyancy in its rural economy as both per capita and per hectare productivity moved up. It had two important consequences. Firstly, the larger landholders could afford all forms of possible investments—labour-displacing like tractors and land-substituting like irrigation, fertilisers, pesticides. They were also able to hold stocks and thus get an optimum price for their produce retaining the margins of the middlemen. A new practice of reverse tenancy started in these areas as the larger farmer found it profitable to extend the scale of his operations and take land on lease from smaller farmers. The adverse terms of trade for agricultural produce in the meantime was marginalising the smaller farmer who, however, escaped destitution in Punjab on account of other favourable conditions. In this situation the smaller farmers also found it more profitable to get rent for their land and engage themselves in other occupations or even as labour on large agricultural farms. Secondly, the price of agricultural land also rose sharply. Therefore, the smaller and even the middle farmers found it profitable to dispose of their lands and move to other areas where land prices were comparatively lower or where land was available under a variety of schemes to the general public like colonisation, land-reclamation, etc. or to specific categories of people like ex-army personnel, members of the Scheduled Castes, etc. In some cases even the rights of the indigenous population like Tharus in Tarai (U.P.), Saharias in Kota (Rajasthan), etc. were compromised. The migrants belonging to the middle and lower groups in Punjab got transformed into elite groups in the new setting as they had the advantage of better resources and also higher skills besides the tenacity and clarity of purpose of a closely knit minority in an alien land. The very same institutional structure, which was against them in their original

homes and forced them to move out, was now in their favour. They found themselves in a vantage position at the preferred end of the polarisation syndrome. The circle is complete when the dispossessed and the deprived from the backward regions move to Punjab during the harvesting season and get seasonal employment because that work is beyond the capacity of the man or the machine which had displaced the man in the buoyant rural economy.

If we now turn our attention to the urban scene in Punjab, we find that the urban-rural polarisation is not as sharp as in the country and the urban-rural relationship is better. There are two main reasons for this. Delhi, the national capital, started growing at a phenomenal pace soon after Independence and has since been acting as a big employment market. Delhi and the surrounding areas acquired tremendous positional advantage, particularly in the matter of licensing policy and the permit system. Not only has the government establishment proliferated, liaison officers of private and public sector enterprises have mushroomed. For the same reason many industrial enterprises have been located in this region particularly along the arteries of communication. Delhi is not so close to Punjab as to create backwash effects and uproot the rural community as happens in the zones of influence of big urban centres. After Partition the population composition of Delhi underwent a sudden change in which people from undivided Punjab became a sizeable group. After the situation stabilised, this newly migrant community provided the benevolent link between Punjab and Delhi. Delhi became the new frontier for the educated and the semi-educated people from different strata of society whose members had even otherwise shown great mobility, within the nation and outside.

It is significant to note that the concept of individual ownership of land had not fully permeated to the Punjab scene even after the British, since the Safi and Mahalwari systems of land tenure were in consonance with the tradition of lineage holdings and the right of pre-emption by the co-partners. These systems are, however, disappearing at a fast pace under modernising forces. It appears that the intensity of invisible transfers (which were crucial for capital formation) from rural areas through migration of the educated, belonging to the higher strata of rural society, therefore, may have been much less in Punjab in the earlier phases. The second favourable facet in the Punjab scenario was the nature of urban growth within Punjab itself. Punjab was spared the trauma of the big industrial centres on account of their vulnerable proximity to the international borders. Consequently, the urban centres are more evenly spread in Punjab. Smaller industrial enterprises have continued to flourish and also consolidate themselves, taking advantage of their early start and also of new technology and the growing infrastructure of communications, power, etc.

The investment in urban Punjab was greatly augmented from two important sources. There was substantial investment by the rural elite and middle sections of the peasantry within the State who were reaping increasingly richer harvests. The character of agriculture was completely

transformed with the adoption of new agricultural technology. With the introduction of high-yielding varieties of wheat, wheat practically became a cash crop. Pulses and coarse grains have almost been given up. Paddy in kharif proved to be a great innovation which in a manner of speaking has now become the main cash crop. The bigger farmers are also acting as traders. This has given them substantial incomes which are being increasingly invested in urban areas.

The growing stream of migration from Punjab within the country as also to foreign countries began to yield, with a time lag, substantial benefits of remittances to the rural economy which, as discussed earlier, aided the regional rural polarization. Many of the expatriates continue to send remittances to their homes and relations who may have provided them the initial capital for migration. Some of them may have shifted to the urban centres so that the benefits accrue to the urban areas. It may be noted here that there is a qualitative difference between rural-urban migration within the country and migration to a foreign country. Even though the nation loses the trained manpower with significant capital value, migration abroad is not followed by a continuing flow of current incomes and finally its capitalised value. There are two main reasons for this. Firstly, such remittances are not permissible under the law. Secondly, most of those who emigrate begin to partake in the affluent economies of the host nations, where, even modest positions give them big money incomes as compared with their Indian earnings. Therefore, while there are no economic compulsions, the filial links and the considerations of prestige provide a healthy psychological milieu for inward remittances rather than preferring legal claims on the family incomes and property. The faster and cheaper communications at the global level allow the emotional bonds to be renewed by occasional visits and preferred matrimony at home. This stands out in contrast with the earlier phase of emigration of indentured labour for plantations abroad made up largely of the deprived sections of the community. In their case all links had been snapped due to poor service conditions and bad communications. That migration, no doubt, relieved the pressure of population, but there were no continuing gains to the home economy.

Thus, capital formation in the urban areas of Punjab was initially based on a share in the buoyancy of agriculture. The Punjabi migrants to other parts of the country took advantage of better skills and understanding developed at home despite the backward conditions of their new homes. They have maintained their links with Punjab. However, their tenures which augmented the capital base both in the rural and the urban areas shifted the balance in favour of the latter. The remittances of those in uniformed services have significantly helped the rural economy. The rural-urban dichotomy did not acquire the sharp dichotomous character it had in many other parts of the country. The State economy as a whole experienced buoyancy. In fact, the State economy moved to the highest position in the country, next only to the Union Territory of Delhi whose

development was entirely different based on its advantages as the nation's capital region.

Another major factor which is contributing to the accentuation of urban-rural dichotomy is the big differential in the national investment in human resources. The status of social services in a region and their accessibility to individuals and different sections of the population together greatly influence their productivity and their place in the economic system. The distribution of educational and health institutions in our country is highly skewed, being mainly concentrated in urban centres. Further, they are easily accessible to the better-off sections of society and are out of the reach of a substantial section of the poorer population. This fact itself reinforces the vicious circle of poverty on the one hand and results in cumulative accrual of benefits on the other. This is not all. We have seen earlier that the burden of education, particularly of quality education in the school, technical institutions and higher education in general, is very heavy for the rural people. Firstly, if they send their children to urban schools, they have to meet the cost of their board and lodging besides tuition, stationery and books. Secondly, as the rural-urban dichotomy is reinforced the cost of living including that of education in the urban area soars compared to the economic conditions of the people in rural areas. Thirdly, the cost of education has to be met mostly in cash where again the rural folk are at a great disadvantage particularly because of the increasingly unfavourable terms of trade. Thus, education is either out of reach of the rural people which compromises their competitive position in the new economic system and creates conditions of permanent disability or is very expensive and results in a big drain on the rural economy.

It is now becoming clear that the large differentials in social services have proved to be the biggest stratifier of Indian society in the present phase of its transformation, from the traditional to a modern frame. This stands out in contrast with the role of social services in the developed Western world where education and health services played a positive role in equalising the opportunities and creating a more egalitarian social ethos compared to their feudal past. The way education has progressed in our country clearly brings out its class character which continues to get reinforced. With the advent of the British rule the new opportunities in the modern system could be taken advantage of only by those who had the benefit of the newly introduced Western education. The upper sections of our society capitalized on this fact as they were the first to send their children for education to England and also to the new educational institutions which were being established in different parts of the country. The educated young men joined the powerful new establishment in different capacities. Even the lowly *babu* occupying a vantage position became a symbol of prestige. As educational facilities spread to larger areas, the benefit of education became available to the higher and middle levels of the society and youngmen in these sections started competing for positions in the modern system. However, in the meantime, the concern of the upper

sections shifted to higher education which prepared them for opportunities in the higher echelons of the system now gradually opening up for Indians. The high cost of higher education effectively kept other sections of population out of this competition for some time. But as larger sections of people became conscious of the value of higher education, pressure for the establishment of colleges and universities mounted especially after Independence and institutions of higher learning proliferated throughout the country. As the number of graduates increased, their social base widened and effective competition ensued for higher level position as well. In the meantime the demand for technical manpower in our economy was growing and new opportunities opened up. The focus, therefore, shifted to technical education in which entry became highly selective because of stiff entry conditions and high costs. Even in the technical field while general courses were being forced open to a wider social class, some additional requirements of higher specialisation got superimposed; even slight variations in the same structure were introduced so that the vantage positions remained the closed preserves of those coming from the higher strata. In the latest phase the management studies have acquired an elite value and top positions seem to be getting reserved for those acquiring these exclusive qualifications.

The class character of education has been further reinforced by the establishment of exclusive institutions like the IITs and IIMs at the one end and the proliferation of institutions with meagre facilities at the other. The needs of education of those of the higher sections are now being taken care of by these prestigious institutions although many of them can afford and prefer to study abroad. Thus the elite sections have so far succeeded in managing the system in such a way that with slight modifications in the educational requirements and by allowing large differentials in the standards to grow, they can continually command the vantage positions and reap full benefit becoming the first in the relevant field. All this tends to be accepted as reasonable and relatable to merit. By the time the other groups are able to catch up, they would have created yet another exclusive niche for themselves, repeating the whole process once again. In fact, this is the reflection of a similar process in the techno-economic system itself in which modifications and change are continually engineered to induce novelty value which may not necessarily have any intrinsic worth, and are meant primarily to syphon off the premium generated by these devices.

The irony of the present situation is that while this mad race in higher education aimed at perfecting one's claim on the system and acquiring a niche in the lengthening hierarchy continues, much of the investment in education is being rendered dysfunctional for those who are the last to join that race. Moreover, a large section of the population is denied access even to elementary education despite the constitutional directive for its universalisation within 10 years of the enforcement of the Constitution. In some of the backward rural areas primary schools have not been established and children are denied even the first step in education. Even where schools may have been established, they remain without teachers for long and

consequently the general standard of instruction is poor. Thus the people are not only denied the benefits which could accrue to them with the free flow of information about relevant advances in science and technology concerning their vocations, they are also at a great disadvantage in dealing with the modern system which requires the skills of reading and writing at every step.

The target of achieving universal elementary education has been elusive because, in the first instance, adequate resources are not provided for achieving the targets. What is worse, even the meagre resources provided for that purpose are diverted to higher education in response to pressing demands from vocal sections. It may be noted here that the elite and even most of those in the middle group no longer depend on State-run institutions for school education. They send their children to convents and public schools which have recorded a phenomenal growth after Independence. Consequently, the condition of school education is of no concern to them. The middle group which are vocal, however, still depend for higher education on State-run institutions and hence the diversion of resources with impunity. In some of these, education at the one end is being effectively used to create ever increasing claims on the system and to ensure their accrual to the members of the elite groups, while at the other end a large section, which is being denied even elementary education, is experiencing a severe backlash of the operations of the modern system due to their ignorance and inability to deal with it on their own.

A similar situation prevails in relation to medical and health services. Medical institutions and medical practitioners are also largely concentrated in urban areas. The basic network of medical institutions established in the rural areas in the early days of Community Development has not expanded significantly and continues to be poorly manned. Many of these institutions remain idle for long periods without a medical doctor. In many cases they are run by the semi-qualified personnel who join and can only give an indifferent standard of service. Even where public medical institutions are functioning well, accessibility to them has become dependent largely on one's economic and social position. It is an irony that those who can afford it on their own because of their position manage to get the best health services almost free of cost. For example, those at the highest levels get these services as personal favours because they happen to be members of the same elite. Other members of the organised sector have made liberal provisions for medical care of their members, but the fact is they are also being misused. The rich who can pay for the best services have the expenses debited usually to an expense account. As compared with them, the benefits to the poorer sections are marginal, the quality of services is indifferent and, as often happens, most of them are required to pay heavily or be left without assistance.

Conditions in rural areas are generally bad since proper medical facilities are simply not available. In cases of serious illness an individual may have to incur heavy expenses merely for moving to the town with members of the family. In addition there are the exorbitant costs of medical care.

Even with normal incidence of illness in a family, an average rural household suffers a great deal. As happens in many cases, during a period of family ill-health, the earning member cannot do his job. In cases where he was himself involved in illness, the resulting physical debility may reduce his earning capacity significantly for a long period. Here when he seeks modern medicine the expenses can be very high resulting in his economic conditions becoming worse. In either case the family gets into debt and loses its asset base. As the efficacy of modern medicines is becoming better known, even those who can hardly afford its cost do everything possible to get them for their dear ones. Consequently, medical care because of poor public medical institutions is now proving to be a big drain on the rural economy in general and on the poor man's economy in particular.

Thus the dualistic nature of social services is not only accentuating the polarisation between the rich and the poor but is also greatly reinforcing the urban-rural dichotomy. It is an irony that even though heavy public investment is made to medical education for producing the requisite medical personnel, their deployment is left to be determined by impersonal market forces. As the economic power of the urban sector in general and the higher groups in particular has continually grown, they have been monopolising available medical personnel by establishing prestigious public institutions or by allowing private clinics to function in already saturated areas. The situation has become ludicrous in the face of some attempts to reduce the intake in medical colleges while giving emigration facilities to medical graduates under a variety of pretexts ignoring the dire need of people in the village.

Centralisation of Authority

The modern system is highly centralized. Consequently, all important political and administrative institutions have their base in the urban areas. Besides controlling the all-powerful economic system, the political and administrative institutions are increasingly regulating the day-to-day life of the common man. The concentration of economic, administrative and political power has yielded tremendous locational advantage to those who happen to be in the central pole regions. Moreover, in this process the rural communities have gradually lost their traditional functions and authority. In fact, the new institutions in the rural areas are at the tail-end of the complex system in which the real power is at the other end in the urban areas.

In our country the first manifestations of this transfer of power from the rural areas were the emergence of landlords and the establishment of police and revenue administration and law courts in supersession of the traditional village authority to manage land and settle disputes. No wonder that the landlords and lawyers acquired fabulous wealth during the British period. This process of transfer of authority to modern institutions has continued and has been intensified in many ways even after Independence notwithstanding the avowed goal of democratic decentralisation and some efforts to achieve it. Consequently the rural people have had to look up to urban centres not only for economic goods and social services but also for

the sorts of administrative matters—big and small—concerning their land, succession and inheritance, permits and licences, safety of life and property, adjudication of disputes and proceedings in criminal cases.

The question is not merely of dependence. These institutions are not easily accessible because of the physical distance and also because of their very structure. Their procedures are complex and unfamiliar to the people as there is a great psychological distance between the urban and the simple village folk. Even if the system may be functioning with full efficiency, it is a great burden on the poor since every visit costs and every step in the unfamiliar world of the powerful new institutions has to be paid for. With the spread of education and the migration of the educated to the urban areas, the better off sections of rural society have been benefited inasmuch as they have new links in urban areas and have acquired greater accessibility to the centers of political and administrative power. They are taking advantage of this fact to consolidate their power and authority to the detriment of the weaker sections of the community. There is no doubt that certain counterforces are also being generated but these are quite weak. Thus, this polarisation between the urban and the rural sectors has resulted in tremendous strain on the rural economy. The cost of administrative services is proving to be too high for the common man thus putting the services out of his reach. Even the fact that he may be required to appear before some authority is a punishment as the journeys cost money besides loss of earnings for the day. The cost of adjudication of disputes is also so high that there is a saying that only the lawyer finally wins. As the system becomes increasingly complex with the establishment of a large variety of political, economic and administrative institutions, a host of intermediaries appear on the scene ostensibly to help the uninitiated but in effect making accessibility more difficult and as a result taking a heavy toll of the poor and accentuating the deprivation process.

The centralisation of authority in all spheres of life is, however, the outcome of a deeper structural change in the human society. Human affairs are getting increasingly formalised and to that extent those elements which occupy vantage positions in the formal system become powerful by the same token; whosoever remain outside that system are at a great disadvantage. We have discussed the commanding positions that the organised and the urban, which also include the educated, have acquired. But many facets of their power and the weakness of the deprived cannot be fully explained without reference to the operations of the formal system and the authority which it gives to those who can operate it from behind the scene. We will, therefore, resume our discussion about the dichotomies in the following chapter with focus on the formal system and the implications of its ascendancy for the poor.

The Formal System

Increasing formalisation of human relationships and phenomenal growth of formal institutions for dealing with various facets of man's life are two of the most important features of the modern world. The quintessence of all human organisations is the web of relationships amongst their members which bind them together and give each group a distinctive identity. Some of these relationships are rooted in the biological instinct for survival and some in the common weal of members of a group for retaining their identity in perpetuity. A variety of other relationships, however, are associated with the adventures of man and his attainments in a variety of fields comprising different facets of human civilization.

All relationships begin by way of some understanding, vague and fuzzy, amongst the concerned people. These understandings gradually acquire the form of common understanding in the group, which become conventions and, in due course, a part of their tradition. The group, thus, acquires a code which is subscribed by all its members and becomes the foundation of their community life.

The graduation from the stage of mere understanding to that of a well-established tradition represents a qualitative change in the life of people. The sanctity of tradition introduces an element of compulsion. A person who does not abide by the code becomes a deviant. If the tradition is to be maintained, aberrations cannot be allowed. Therefore, some sanctions against deviant behaviour become necessary. These sanctions themselves gradually become a part of tradition and the code of the group.

The activities relatable to assessment of personal behaviour and imposition of sanctions are a new type of activities quite different from ordinary activities of the common man in a community. These tasks become instrumental in the introduction of an element of authority within the group. This authority can be exercised by the group as a whole or a smaller group like a council of elders or even an individual like a chief. This new function heralded the emergence of the first sub-group in the hoary past with a distinct role and clear responsibilities. Formation of other sub-groups also came in the wake of realisation of new responsibilities like the family for better nurture of children. Some others appeared as a response to certain challenges like youth dormitories for defence of the group against

hostile elements besides their important role as a school for education for life. The organisation of these sub-groups itself passed through the stages of mere understanding, through convention to the final sanctity of tradition. Thus, even simple societies acquired complex frames with a number of institutions and a variety of relationships—personal, institutional and otherwise at different stages of evolution.

Even though tradition provides greater stability to relationships and institutions and also makes their form clearer and content more precise, still the contours of the system at this stage are quite blurred with a wide spread of twilight zones due to variability of situations and of perceptions. Moreover, tradition is a common heritage equally shared by all members of a group. It is always amenable not only to new interpretations but also to making of important exceptions at the will of the people, should a situation so demand. Smaller the group, higher the cosonance between the code of the community and the life style of the people and their personal behaviour. This phase of man's life, when he still lived in face-to-face societies, is characterised by the prevalence of informal relationships and proto-institutions. They together comprise what may be called as the Informal System.

Some elements of formalisation appeared even during the early period of the rise of the Informal System when the authority of supernatural was invoked through utterances of individuals, revelation and holy scriptures. These elements, however, were largely concerned with man's relationship with the Unknown even though some other facets of his life also came under their long shadows. Formalisation in the modern sense appears but in an incipient form with the rise of the ruling classes and establishment of their subordinate formations. The scope of their authority, however, was limited. It was not much concerned with the day-to-day life of the people.

This situation changed drastically with the rise of the State and the establishment of the new economic system. The Nation-State became the symbol of the collective identity of the people. Therefore, it could act and exercise absolute authority on their behalf. The new economic system is based on the continually rising level of technological input as also growing spatial and functional specialisation. The system is sustained by a variety of intricate relationships amongst its countless constituents. All relationships amongst a people, unknown to one another, must necessarily be precisely defined so that they are not amenable to variable interpretations. This can be done only by a superior authority commanding full allegiance of all concerned. This authority, in the new context, happens to be the State. The roles and responsibilities of individuals in specific situations and their relationships are precisely defined by law, thus acquiring a formal frame. Similarly, economic activities of individuals and in groups, provision of supporting services and ensuring observance of the provisions of law require creation of a variety of institutions with clearly defined roles and responsibilities, powers, structures and procedures for their internal operations,

Thus, establishment of formal institutions has become an essential condition for the very existence of the modern system. The new world of formal relationships and formal institutions may be said to comprise the Formal System.

The scope of the Formal System has been expanding unabated in modern times. All facets of man's life—political, economic, social, personal and even spiritual—are increasingly coming under its sway. By the same token the scope of the Informal System is being progressively reduced. The ascendancy of the Formal System and the decline of the Informal System have serious consequences for the common man. Firstly, he is denied the opportunity of direct participation in the management of his affairs based on full understanding of the system and of specific situations. Secondly, while the denuded Informal System is unable to sustain the holistic perception of life of the common man the highly fragmented Formal System is beyond his comprehension. Consequently, the resilience of the Informal System is greatly reduced. It is unable to meet the new challenges faced by the community and its members. This leads to the undermining of the confidence of the people in themselves and their institutions.

As noted earlier, the decline of the Informal System is a direct consequence of the rise of modern State and the concept of its sovereignty as a symbol of the will of the people. Therefore, unless care is taken to carve out inviolable areas for the common man and for the community, they can have no claims on the Formal System. It is the failure on this count that the self-governing small face-to-face communities have been deprived of their inherent authority and rendered defenceless in the changing world. Even where a community may decide to assert its authority, it finds itself pitched against a system whose tentacles may appear to be fragile and innocuous in the immediate setting but are capable of drawing upon the tremendous strength of the big system. In course of time the subservient position is accepted by the people both as individuals and as members of small groups, as the Formal System reigns supreme.

In the advanced countries, the rise of the Formal System has been so gradual that both the common man and the Informal System have always had the opportunity to respond and meet challenges of formalisation. Thus, almost at every stage in their history there was a reasonable balance in the society with scope for the Formal as also the Informal Systems. In this process those elements of tradition, which were incongruous in the new situation like feudal relationships, were weeded out as they could not stand in the face of the sharp-edged rationality of the Formal System. But the common man continued to enjoy the warmth of many traditional institutions until such time as he himself was ready to move out and discard them. Whether these changes and conscious or unconscious decisions about the wholesale adoption of the formalised frame, which has transformed the man into an assortment of certain attributes relatable to the precise requirements of a rational structure, have been in the best interest of man is a vexed question which need not be discussed here. Nevertheless, the

slow evolution of the new system has paid dividends in the advanced countries. In many cases the traditional institutions have asserted their claims, succeeded in creating niches for themselves outside the pale of the Formal System like the family and religious faiths. In some cases they have accepted some elements of formalisation nominally just sufficient for gaining acceptability and legitimacy in the system like the professional guilds, counties and non-profit voluntary institutions.

The story of the rise of the modern State and the Formal System in the developing countries has been, however, quite different. Most of these countries including our own had an outer crust of chiefs, rulers and emperors with skeleton structures under them. They were largely concerned with taxation, internal stability and external strife. The common man living in small self-governing face-to-face communities was not bothered as all matters relating to his day-to-day life were being adequately taken care of by the Informal System. Similarly various issues arising from time to time were also getting satisfactorily resolved within the frame of their traditional institutions. But the colonial powers not only superseded that outer crust and replaced it, they cleverly used the Formal System under the guise of modernity to consolidate their hold on the alien soil. The newly acquired territories were incorporated within the frame of the State and the Formal System of the home country which gave the colonial powers the absolute power, making the entire Informal System in the subject country concerning the common man irrelevant. This draconian mutation, which disenfranchised the people, was given indigenous flavour by inducting members of the elite from the subject countries into the newly established formal institutions. They became their valued allies in the demolition of the traditional system and grateful partners in the ill-gotten power and authority. The lost authority of the Informal System was not restored even after Independence which was narrowly interpreted as mere 'transfer of power' from an alien centre to the native soil without, in any way, affecting the supremacy of the modern State and the Formal System vis-a-vis the common man and his Informal System.

The Formal System in our country belongs to the organised and the urban. The unorganised and the rural are located at its fringe having been relegated to a subordinate position as passive participants at the receiving end. The traditional informal institutions stand, more or less, completely demolished except in some remote regions and tribal areas. The common man, therefore, has become fully dependent on the Formal System for almost everything including his rights on the land and claims on the natural resources, his rights as a citizen, his economic relations with other members in the group and outside and also for a variety of inter-personal and social relationships. He could stand on his own in his small traditional world which he understood quite well. But now the authority has passed on to the Formal System which is a completely alien world with unfamiliar ways and unknown styles. The people in the village no longer comprise a community which could stand on its own against all vicissitudes

and external challenges. It has been reduced to a heap of rubble with no internal cohesion and resilience. Its constituents can be pushed about at the whims and fancies of those belonging to the power structure in the Formal System.

The Formal System, by its very nature, has a self-contained, closed and internally consistent structure. The perceptions of its members, therefore, are highly conditioned and circumscribed. When the members of this elite group look at the issues concerning the common man located outside that system from a distance, they cannot understand his holistic view. The two frames relatable to the Formal System and the real life situation are, therefore, not congruent. Many vital matters may not be covered by the formal frame. Therefore, they can be treated for good reasons as irrelevant by those in authority. Since the Formal System has the necessary sanction, it can brush aside and supersede even some of the most vital elements for the economic and social life of the people. This inevitably leads to the disorganisation of the community itself as has happened in the rural areas of our country.

The superimposition of the new frame in relation to the ownership, command and management of natural resources, including land, provides the most telling examples of the possible distortions. Management of resources has been the responsibility of the community. The concept of property itself is dependent on social acceptability. The community as a whole is vitally concerned with proper management of resources because its very survival is dependent on the same. Consequently, a fine balance gets evolved in relation to the right of use and access to all resources under the command of a community. The details may differ depending on the local situation. Some resources in due course, however, have become exclusive preserves of individuals, extended families and clans, while others have remained common property.

Even though social stratification has resulted in large differentials in the command of and access to resources there are limits to this process. Every section of population usually acquires a niche in the overall economic matrix of the relevant area. While the strongest sections command the most productive assets, the weakest are forced to subsist on the margins or occupy the substratum, supporting the economy through their manual labour and even skilled work and services. There are many checks and balances which ensure that the use of resources is sustainable in the long run. No one has a right to destroy the resource base even though he may enjoy the exclusive right for its use. Similarly no member of the community is allowed to become a destitute and perish. Transgression of reasonable limits is expected to evoke suitable responses within the system which helps in recreating a new balance.

In the new Formal System the ownership of all resources in principle vests in the State. The rights of the individual and the community and their access to them, therefore, become subject to the provisions of the appropriate laws and their formal recognition by the concerned authorities.

The perceptions on this issue, thus, get completely reversed from the people's end at the ground level to the elite end at the top in the Formal System. The distorted perceptions of the British ruler resulted in permanent settlement, creation of zamindaris and reservation of forests in supersession of the traditional rights of the people and the community.

The dissonance and distortions due to this divergence have not only continued even after Independence but have got accentuated in many ways. The earlier balance in the village supported by the traditional social system was no doubt inequitous which became still more oppressive after the collapse of village authority and imposition of new concepts. It called for effective intervention which was attempted through a variety of legal measures including abolition of intermediaries and ceiling on land-holdings. While intermediaries have been abolished since they could exist only so long as they were recognised by the State, the issue of landownership remains unresolved and has become even more complex as in the tribal areas. The powerful sections could muster full support in the favour of the Formal System while the weaker groups have been rendered defenceless in the absence of a regulatory system within their easy reach. Inequity in landownership is acquiring a new dimension with the ruthless functioning of the Formal System.

The interests of people dependent on common land in the village in particular have been affected most adversely. In most cases their rights did not get reflected in the new formal management system which replaced their administration by traditional Panchayats and interested zamindars. Once such an omission is made, its redress is almost an impossibility since it would require a change in the law—a cumbersome process. Moreover, the enactment of a law by itself creates new interests who may collude to fight against traditional rights. The interpretation of law and its implementation also become the responsibility of an external authority which may not be fully aware about the local situation or may even prefer to ignore it. Cattle rearers and graziers like Gujjars and Gaulis are under tremendous pressure from the system as also others in the local area. As the marginal lands are acquiring a new economic potential with alternative land use, determined bid is being made by the power elite to corner them for exclusive use.

The result is that stronger men in villages are assuming command over bulk of the common lands to the exclusion of the weaker sections using legal subterfuges and even otherwise. The earlier balance of economic interests amongst different sections of the community has been lost. The Formal System is located at a distance out of the reach of the common man. Each individual is on his own as the community has no role to play. One is free to manage his own affairs and use the formal frame in a way which may best serve his interests. As the poor have been pushed to the margin the pressure on limited resources has increased phenomenally. This is causing irretrievable depletion of the resource base itself and disruption of the ecological balance. In the absence of any law to that effect an

individual may even destroy the resource base for immediate personal gains, unmindful of its consequences for the future of the group or even of the self. There is no self-correcting mechanism in the immediate context like that of the traditional community and it may be too late before the big Formal System responds.

The implications for the ownership of and accessibility to the natural resources is only one example of the serious consequences of the transfer of power from the Informal System to the Formal. The situation in relation to many other matters concerning the day-to-day life of the people is not any better. This includes maintenance of order and peace and of essential services, settlement of personal disputes and adjudication in civil matters, organisation of economic services, regulation of economic relations, management of social services and such like. This has created a relationship of dependency between those commanding the Formal System and the common man particularly the rural folks and the poor.

The Formal System itself comprises a hierarchy of sub-systems. The political sub-system is at the top of this system while the regulatory administration functions as its powerful supporting structure. Other sub-systems like economic institutions, extension services, corporate bodies—both public and private, and social services are located at varying distances from the centre of the system. However, they enjoy in full the aura of its authority. Besides a broad understanding and mutual support amongst the members of the Formal System with regard to their economic interests, their perception about development, welfare, quality of life, social services and also concepts like affluence, comfort and poverty are defined within the limited frame of their world ignoring the realities of life outside where the vast majority of our people live. There is an internal balance between different constituents of the Formal System. They function in unison and reinforce each other notwithstanding the differences in their relative positions within the system and apparent conflicts.

The Formal System has inherited the power after its transfer from colonial rulers. Therefore, its members have assumed the posture of a ruling class. Even the normal relations between the Formal System and the common man outside it are heavily loaded against the latter. Moreover, the organised and the urban are able to win the support of the Formal System which is reflected in highly inequitable equations between the organised and the unorganised and also between the urban and the rural as discussed in previous chapters. These inequitable relations are continuing unabated without being questioned seriously even in principle. The vantage position of the Formal System is also being used by interest groups in a number of other ways, particularly by influencing the planning process itself, using a variety of rationalisation and high sounding principles as a cover. The most serious aspect of the new situation is that absolute power without countervailing forces is amenable to being misused for furthering personal and small group interests. If the Formal System, which should carry the hallmark of rationality and objectivity, allows lapses in that

regard there can be no check on its power and the consequences for those at the other end are bound to be disastrous.

Economic Consequences of Malfunctioning of the Formal System

In the face of such a great differential in the powers of the members of the Formal System and the rest, the economic consequences of this dualism for the other group even when the system functions normally, as already noted earlier, are quite serious. The actual situation, however, is much worse due to the malfunctioning of the system and this needs to be critically examined. Firstly, the poorer people are ignorant. This fact by itself enhances the power of formal institutions vis-a-vis the poor manifold. Secondly, modern institutions are largely manned by persons belonging to the higher strata of society usually coming from urban areas. Besides thus representing certain interest groups, they also have many prejudices and mistaken notions about rural people in general and the poor in particular. Thirdly, most of the rural institutions are cheaper versions of their urban counterparts. The emoluments of the personnel working in rural areas are, therefore, many a time lower. Moreover, rural areas lack the physical facilities and social services that are available in urban areas. Even when various services are extended to rural areas they are second and third rate. For example, transport companies transfer their condemned buses to rural routes which are overcrowded and a seat on the roof may be a luxury. The same story is repeated in all service sectors. The general milieu in the urban and the organised sectors is unhealthy and vicious. What is worse, there is no premium on hard work and there is a climate of high expectancy without even the minimal inputs of sincere effort. All these factors together contribute to the malfunctioning of modern institutions and make conditions detrimental to the rural people and the poor. Employees of modern institutions make use of their power to get compensated for the disadvantages and hardships which they believe they are required to undergo without justification. What the system does not provide, they provide for themselves. Once that fine line of propriety is crossed for whatever reason, there is no limit. The misuse of power of the system for personal gains and amassing wealth in an atmosphere of rather lax moral standards is phenomenal. While the system moves from strength to strength, the deprivation process also grows, increasing the burden on the rural people and the poor.

It is an irony that malfunctioning and sub-optimal utilisation of modern institutions should lead to their further proliferation and also be instrumental in the creation of highly sophisticated capital-intensive core systems. For example, as the efficiency of the civil police system went down the law and order situation deteriorated and a variety of new forces were raised one after the other in addition to strengthening the civil police itself but with not much difference to that situation. A host of vigilance organisations have been set up as a check against laxity in public dealing which have merely added to the mass without any significant impact on the

central problem. In general, as an organisation becomes more and more complex with higher specialisation of its functions, the passage through a malfunctioning system becomes more difficult requiring much greater effort and pressure for entry at every point. Augmenting its strength to counter these frictional forces usually turns counter-productive since it means in essence further addition to its mass. When one organisation thus fails to respond, another organisation with a slight variation is created with no change in results. Thus in effect the same story is repeated at the organisational level as one organisation after another is created making the process for achieving the end result more complex and cumbersome.

This process, which is dysfunctional so far as the common man and the poor are concerned, however, benefits the rich and the elite in more ways than one. For example, as the organised sector expands creating more opportunities for vertical mobility for their own groups and for patronage in inducting the preferred groups in the system they become the real gainers. Moreover, as the quality of services in an institution deteriorates, it gives them an opportunity to propose the establishment of better institutions with higher investments as has been happening, particularly in the fields of education and health services. What is ostensibly created for improving the general standards becomes exclusive. Thus the higher groups are able to keep themselves many steps ahead of the common man by cleverly managing the system in the name of public service.

At this stage mention may be made of another trend in the thinking of those responsible for decision-making. The decision-makers again belong to the organised sector. Therefore, all problems of the national economy are sought to be viewed within the frame of the organised sector. Moreover, there is an implicit assumption that the future lies with the modernised and the capital-intensive systems, which in due course will encompass the whole national economy and that the differences are bound to increase initially but in the long run things will improve. It may be conceded in deference to the premises of developmental planning that initially differences are bound to get accentuated and in the final stages convergence will be achieved. But the problem arises from the fact that the terms 'initially' and 'final stage' are not defined even in broad terms. If 'initially' covers a time span of a century it would mean that at least four generations are doomed to suffer the heavy burden of inequitable growth. It may be difficult to reconcile with such a premise as there is hardly any consolation for the people, either at the moment or in the foreseeable future.

It is clear that the fond hope for a bright future in the face of growing differentials and gruelling deprivation can be maintained even as a theoretical premise only against the backdrop of an artificially induced intellectual haze created for covering certain stark realities of the national life. The fact that the rural and the unorganised are bound to continue as the mainstay of the national economy in the foreseeable future is particularly sought to be covered up. Therefore, what may be happening in the semi-organised and the unorganised sectors is taken as transitory. The result

is that they do not claim the attention they deserve. For example, the obsession with power generation, when there are large unutilised resources of human power, is incongruous and puzzling. Given an efficient organisation, it is possible to develop equally efficient models with larger manpower inputs and lesser capital-intensity. Labour-intensive models are not popular and the existing organisational forms are being continually replaced by more capital-intensive models primarily because there is a high propensity of organisational failures where larger manpower is involved. Moreover, the labour-intensive models not only require greater effort and ingenuity but they also do not serve elite interests in the way sophisticated systems do. Consequently, Western models with high capital and lower manpower components are accepted. These models are also preferred since they create demand for higher level personnel who are available amongst the elite groups only. As the net employment is small, the demand for wage goods is also limited. But since these people belong to the higher income groups, they significantly add to the demand for non-essential and luxury goods. Another important reason for this bias is that most of those who occupy decision-making positions in the modern system are familiar with the capital-intensive models by virtue of their training within the country or abroad. There is little experience to go by in relation to large manpower-based operations in the modern sector. The facts that capital-intensive models are easier to operate and are prestigious also add weight in favour of these options. Thus, in effect in our economy there is widespread capital substitution for organisational failures.

The irony is that while new capital-intensive forms are adopted, the older institutions and industries also continue. The primary reason for their continuance is that employment in the organised sector *per se* has come to be accepted as something sacred without any concern for productivity and related details. Once a person has entered the organised sector, in the present milieu his position is taken to be secure. The most ludicrous example is : the persons employed during the construction phase of a modern high technology industry like Heavy Engineering Corporation, Ranchi, had to be taken over by the Project when it became operational, creating a huge load of manpower many times its genuine need, dooming it to inefficient functioning from the very start. The net result is that while the core capital-intensive sector gets established within the organised sector, a large mass of inefficient institutions with outdated technology continues to exist alongside. This means that the productive capacity of the system is increased by higher capital intensity. Under ideal conditions this would not generate additional employment since the new demand is only for higher technical skills which can be obtained by retaining those already working within the system. In fact, the net manpower requirement will be negative. However, additional opportunities may be created artificially to relieve the pressure on the system to legitimise it and, lastly, just to share the fruits accruing from organisational and science and technology additives with a larger group. This also explains the perplexing phenomenon of a high capital-output ratio in the

national economy notwithstanding the introduction of increasingly higher technology. The net result is that the national economy is denied the benefits which could accrue from a more flexible utilisation of manpower, and the poorer sections of the opportunity of partaking in the gains of development. Thus, the malfunctioning organised sector indulges in a zero-sum game with impunity.

The malfunctioning of institutions in the organised sector is in two other counts also. Firstly, these institutions adopt the norms of the affluent for their upkeep. For example, even the Central Cooperative Banks, which have been established to cater to the needs of the poor in the villages, vie with 'five star' institutions in terms of their office buildings, guest houses, furnishings, office stationery, allowances, etc. The standards of institutions serving the affluent are sky high and have no relationship with the general condition of the national economy. A milieu of comfort and luxury is highly contagious. Once a set of norms are accepted for one sector, others would not like to be left behind and will move up using all sorts of rationalisation. In some cases the prestige of individuals and their positions may be evoked. For example, a union of rikshaw-pullers may maintain a luxury car for the union chairman because he must meet the officials at their level. The dignity of professions, considerations of efficiency and even a plea that such expenses even though apparently high, in the final analysis, are in the nature of investment and beneficial to the institution, and even portrayed as economical in the long run. Use of airconditioners, central airconditioning of building, air travel, luxurious office buildings, ostentatious guest houses, high class fittings, furnishings, wall-to-wall carpets, etc., are now commonplace. The bevy of administrative establishments, educational and research institutions, social service organisations and such like is not far behind. Even the political system, which should be constrained by its commitment to people's welfare and also by the Gandhian tradition which every one claims to imbibe, has provided for itself in the same style, keeping the outer form and facade of austerity. There are, however, a few exceptions whose number is dwindling fast. One can hardly have an idea of the general economic condition of the people in our country if one went by the ways of the long array of institutions and organisations, established for a variety of purposes, concerning the affluent and the poor alike.

The story does not end here. With the general deterioration of the moral climate in the country, questions about propriety in using public property and official position, facilities and funds for personal comfort and even individual gains, have been pushed to the background. For example, the bulk of personal expenses including maintenance of cars, residential buildings, etc., in the highest echelons of the private sector are debited to company account. The public services are under great strain in the face of their dualistic living. They exercise tremendous authority and power in relation to the affluent section while partaking at best at the fringe. Their personal living conditions are reduced to inconsequential levels in stark

comparison with those in the private sector. Mechanised transport has been accepted almost as a basic necessity by all those working in any position of authority, howsoever low, in the organised system. The use of official vehicles for private purposes is so blatant that no one cares to mention it any more. Similarly ostentatious and wasteful use of stationery of all descriptions in the offices and its unauthorised outflow have become phenomenal. As these indulgences on the part of managers of the system have led to the waning of their moral authority, leakages at all levels have become widespread. In extreme situations, how to beat the rule and make personal gains from public sources becomes a favourite pastime and an obsession. One who adheres to the traditional norms is branded as the odd man. All these deviant acts, big and small, at each individual point may appear to be inconsequential but in their totality their draft on the national resources is phenomenal. As our analysis shows, ultimately all this has two implications. Firstly, the gains of development accruing to the national economy in the organised sector are absorbed by it. Secondly, in this process the unorganised sector is not only deprived of large parts of the additives due to it but is the subject of a big dent in the legitimate wage-earnings of its members.

Economic Consequences of Dualistic and Pseudo Modernisation

Economic development and modernisation are believed to be mutually reinforcing processes which go together. While economic development concerns production of goods and services, modernisation is related to the attitudes and perceptions of the people about individual life, socio-economic relationships and the phenomena of nature. However, this distinction is not easily appreciated and modernisation is taken as synonymous with Western education and life-style, which in the case of the advanced countries is, no doubt, associated with the kernel of modernisation. In our context this only incidentally covers the acquisition of skills in new technology and the study of science. Many features of the so-called modernisation like a high style of living and utter disregard of the traditional norms in food and drink, the adoption of Western civil law as a model for property rights and personal affairs, the use of English, new forms of entertainment, etc., are superficial and represent what can be described as pseudo modernisation. Some other common features of modernisation like diversification of economy, education for new skill formation, etc., are dualistic in character. For example, education at one end of the spectrum is helping in acquisition of those skills which are needed for the modern economy. At the same time general education for a vast majority of young men and women, particularly in rural areas, is not providing the needed skill-base for the vocations which they have to follow by virtue of the present-day structure of the national economy. In this process they are being artificially isolated from the real context of their working life during the formative period when they could have acquired at least the traditional skills pertaining to their future callings. Thus, education is in effect

'deskilling' a large section of the population and alienating them from practical life. This reinforces the adverse process debilitating the rural areas and the weaker sections begun by the growing mass-production industry in the urban sector and the improvement in communications and cheaper transport. The last two in particular have rendered the position of the traditional craftsman and artisan extremely vulnerable. While these are some of the well-known facets of modernisation and economic development, they tend to be ignored in the fond hope that the positive processes started at some points in the system will finally benefit even those at the other end, who may be adversely affected for the time being. Here we will simply note the fact that dualistic modernisation is significantly contributing to the deprivation process. We will not discuss it in detail since a great deal has been written about it by sensitive economists. We will move on to the economic consequences of pseudo modernisation, an aspect which has not received the attention it deserves in the analysis of the poverty issue.

The most serious consequence of pseudo modernisation is the emergence of a model of high style living which is not in consonance with the reality of our national life. The exorbitant claims of those sections of our people who occupy vantage positions in the modern sector of the economy including administration, social services, etc., are being honoured as their legitimate due. In fact, an impression is being created that their style is an essential ingredient of economic development. We have already reviewed the consequent malfunctioning and misuse of the system by those associated with it. Such a wrong lead is adversely affecting those outside the system. These people can hardly afford this luxury and their economic condition worsens. The most telling example is that of the use of liquor. Even though some people and sections in the society have been used to intoxicating drinks throughout history, in this country the general social milieu has been against it for more than 2,000 years. All religious leaders have condemned this indulgence. In any case no personal honour and social distinction were attached to it. The Gandhian ethos of the days of freedom struggle reinforced this milieu in our country and significantly added yet another dimension to it by bringing in its economic consequences into the changing social setting. At one stage there was a strong plea for State intervention since in the new mix of people in urban areas and industrial centres the individual was outside the restraining influence of the traditional face-to-face community. The administration during the British rule was guided by the prevailing climate in English society and the newly emergent elite in India who sought to emulate them. Moreover, the liquor trade became a good source of State revenue. In the brief spell of the Congress rule in the provinces during the late 'thirties an effort was made to introduce prohibition and make good the loss of revenue by imposing sales tax instead. But the policy was reversed after the Congress governments went out of office and while sales tax continued, prohibition was scrapped. After Independence, even though prohibition was enshrined as a guiding principle of State policy

in the Constitution, it was never considered a serious issue.

The most important reason for this schism between accepted State policy and administrative practice has been the attitude and perception of the ruling elite and the neo-rich groups in the post-Independence India. Their indulgences in high living with a free flow of wine were given the aura of modernity. Further, their living style was deemed to be a facet of personal life outside the purview of State intervention. Even the serious issue of drinking by the poor and its economic consequences were taken lightly and justified on the ground that drink was their only escape from the rigours of their life. Such political leaders as were still under the influence of Gandhian ethics were told how unsuitable and impractical administrative action would be in what was described essentially as a social and personal problem. In this climate any law to curb drinking was foredoomed. Ineffective implementation of State policy arising not only from lack of conviction but even with an element of subdued derision for impractical idealism itself, became a strong ground for the disregard of that policy. It created a new climate in which in addition to the small elite which could really afford to drink, a large number of those in the shadow zone, who perhaps could not personally afford but had some authority or leverage in the system to claim consideration from the neo-rich and the system, were also obliged directly or indirectly, either in return for a specific favour or, more often than not, just to win their general goodwill. The vested interests took advantage of the fact that not many in the fixed income group could really afford to drink and so they could be won over even without compromising their sensitivity about personal rectitude by camouflaging the considerations under innocuous social events. The permissive milieu against the backdrop of rising prices and fixed incomes has been one of the most important contributing factors to the malfunctioning of the system in general and many an institution in the organised sector in particular.

In their obsession with their own perceptions and prejudices about drinking, the political and the administrative elite ignored the social reality of the Indian people and the grave consequences of their disregard of the guiding principles of State policy for the welfare of the people, particularly the poorer sections amongst them. Firstly, even though it was generally acknowledged that drinking may not be in the interest of the poorer sections, its evil consequences not only for their health but also for the welfare of their family, the education of their children, etc. were not seriously enquired into. For example, a few studies of expenditure patterns amongst drinkers and non-drinkers show that investment on children's education and housing—two important determinants of the quality of life—did not record any rise amongst people in the lower income groups even when earnings had risen substantially in cases where the head of the family was given to drinking. On the other hand, the investment on these two items rose very sharply for families in the same income brackets where the head of the family did not drink. There could

not be a greater justification for prohibition in a State committed to the eradication of poverty and the establishment of an egalitarian social order. The irony is that while vested interests, which include the elite in administration, behaved predictably in ignoring this issue, even the intellectuals, including those in the citadel of higher learning who are expected to present a dispassionate analysis of social and economic reality, have maintained a studied silence on the issue. They have not been able to rise above their class heritage. Secondly, the general national ethos in favour of temperance where even those who took to drinking did not consider it desirable and wished that their children would not follow them, has been ignored by the elite. That this social milieu could be a great asset for economic development by harnessing the tremendous energies of the people and developing their potential has been completely ignored simply because taking it up would highlight the inherent contradictions in elite behaviour. Lastly, the adverse consequences of the erosion of social norms about drinking causing damage to the moral fibre of the society and the well-being of the people and of diverting resources from both the desirable forms of consumption and from savings and investments have not been taken into account at any level.

The virus of drinking has become pervasive amongst the newly rich industrial workers and the urban poor. It has spread to many a rural area and has become endemic in some cases as in Punjab villages where the general levels of incomes have risen sharply. It has a large section of the student community, particularly the males and also some of the females, as a symbol of modernity and status under its spell. Those who stand for traditional values are now looked down upon as the backward members of society; they are no longer models for emulation by the poor and the ignorant. The welfare State sees no harm in raising this revenue of sin based on dubious pressure sales amongst the poor and ostentatious living for the affluent. In the case of the former drinking takes a heavy toll of their meagre earnings and the tax on it further eats into their wages; in the latter case it only adds, directly or indirectly, to the expense accounts or is absorbed in the large margins. Thus drinking results in extreme forms of deprivation amongst the poor and proves to be a great drag on the vertical mobility of even those who are not so poor. At the other extreme, at least in the immediate context, liquor has come to be accepted as an important aid in the manipulation of the game of power, incomes and wealth. It significantly reinforces the dualistic structure of our economy. The Gandhian *talisman* for State policy may still evoke reverence but the Gandhian dictum on drinking has been completely erased notwithstanding its great significance and renewed validity in the context of the experiences of consumer behaviour with rising incomes both amongst the rich and the poor.

We may now consider another example of dualistic modernisation. This relates to the place of women and their role in the economy. We have already seen that pseudo radicalism in property rights divorced from

social reality has a potential of devastating the agricultural economy and is already taking a heavy toll amongst the smaller landowners through increasing fragmentation and encashment of their share through the sale of land. It is significant to note that this element has not assumed large proportions because education amongst the women is rather low and they tend to be guided by the traditional norms. It is the educated and the enlightened who are more prone to accept the new formal forms and are largely guided by their individual interests in disregard of its consequences to the parental homes.

The difference in the levels of education is as sharp as between the rich and the poor and also between the urban people and the rural. This fact coupled with the changing attitudes about women's employment amongst different sections of the community is reinforcing the polarisation in the national economy. According to the tradition the ideal place for a woman is the home. This concept about her role is not value loaded as is sometimes alleged. It has been evolved over a long period as a social response to the challenges faced by the human group for survival and their urge for a better life. The responsibilities of a woman at home in the socio-economic setting of the common man in our country are neither less arduous nor less important compared to those of the male partner who is the bread-winner. Her responsibilities in real life notwithstanding the ideal norm, however, depend on the economic conditions of the family and the socio-economic status of the community to which she belongs. There is a large variation in this regard. In fact, what a woman in a family does can be the most reliable and sensitive indicator of the socio-economic status of the family.

The world below the poverty line generally comprises those groups in which the women are required to join the working force alongwith their men and even children for eking out a living for sheer survival. We have noted earlier that unfortunately the State itself does not concede her the privilege for exclusively attending to her responsibilities in the family. The minimum wages in the quasi-organised sector as prescribed by law are highly depressed and exploitative because the principle that one working member in a family should be able to earn sufficient for a reasonable living for all its members has not been accepted in their case. Similarly the adverse terms of trade are not only depriving the large and marginal farmers of the Nature's contribution and benefits of technology but are also making deep cuts in the wages for their labour input.

The supplementation for survival can come only if the woman in the family works. The nature of work and the variety of activities in which the women are engaged again depend on the social and economic situation in each case. For the weakest groups there is no home and there are no boundary lines. Man, woman and children take to whatever comes their way. They join back in the evening near a small fire kindled to prepare what is an apology for food and huddle together under some shade just to recoup for a similar struggle on the coming day. Some vestiges of

their earlier social ranking may linger for some time in the form of taboos against certain types of work like digging of earth or doing menial jobs at others' homes. But they wear out with time as they roll from place to place propelled by the fire due to hunger within.

As we move to the cultivators there is a qualitative change. The tribal setting provides an extreme example. The housewife here gets up early in the morning, finishes grinding before the dawn when she has to take care of the birds and animals, bring water from the well or stream and prepare the gruel for the day. She goes to the nearby forest for collecting fuel wood and available edibles. She ploughs the field, transplants paddy and joins the harvesting chores. Whenever she finds time she tracks to the nearby work sites of any description to supplement the family income. She is the keeper of the home as also the real bread-winner as the tribal economy is losing its forest base and is increasingly getting inclined towards agriculture. Even the children share the economic responsibilities in the family quite early, first as a part of their play and then as serious partners in the work. They can ill-afford the pleasures of extended childhood and get detracted by the ringing bells of the village school.

There is a gradual shift in the roles and responsibilities of the woman and also the child as we move to better placed groups even amongst the poor. Casual wage labour outside agriculture is the first to be dropped except under extreme conditions of distress. The next in the scale may not work on others' fields. Ploughing is taken over by men but transplantation and weeding remain their responsibility for long as during the busy agricultural season labour is scarce and the farmer cannot afford to wait. The child is withdrawn except during busy season and distress and he may play at home or attend the school. The more arduous jobs like grinding may also cease if one can afford. Finally, the woman may shed all her extra-mural responsibilities and attend to the children and home. Thus the overall earnings in the poorer families may not change for a considerable time as the earning capabilities of the head of the family improve. But there is a qualitative change in their personal life and there is great improvement in their general well-being.

The trend at the other end of the spectrum is just the opposite. The educated women are entering the employment market in ever-increasing numbers, forming a sizeable proportion in many an establishment. This change is accepted as an important element in the process of modernisation in general and for improving the conditions of women in particular, by removing the apparent discrimination based on sex. This view is typical of the elitist approach to our national problems where all high sounding principles are being used as cover for serving personal interests. Those living in urban areas in general and those belonging to the middle and the higher groups in particular have the benefit of much better educational facilities and, therefore, are better equipped for competition. Moreover, they are also located nearer the spots where the new job opportunities are being

created. In this context the women, besides sharing the locational and positional advantage of their male counterparts in the higher and middle urban groups, acquire an edge over them on account of some socio psychological factors. Firstly, the girls are emerging as keener students particularly in the traditional social setting since they are not given to wasteful extravagance of their brothers and are able to concentrate on their studies better, notwithstanding their responsibilities at home. Moreover, the options for a girl are quite drastic—good educational achievements may help her in coming out of the home while with an indifferent record she may be forced to lead the life of an ordinary housewife. Secondly, women are also preferred for some jobs on account of their presentability and also better application to their tasks besides being comparatively free from trade unionism. Thirdly, there is an unstated compassionate consideration for a girl, since an employed girl is a preferred choice in matrimonial alliances. To top this all, very often women's employment amongst the non-poor is taken just as an additional source of income in the family. It is not a determinant of her status. Even women belonging to affluent and higher sections of society may also take up ordinary jobs which do not compare with their family status. The net result is that urban women are now entering the work force in ever-increasing numbers at all levels.

If we review the overall national scene, a new pattern in the employment matrix is emerging. So far as the lowest sections are concerned the position remains unchanged. In fact, in the face of extreme forms of deprivation women may be forced to enter the anonymous 'flesh' market. As we move up, women in the comparatively better-off sections amongst the poor are withdrawing from extra-mural employment and are increasingly devoting themselves to their children and homes. Further up the girls from lower middle classes are seeking employment out of necessity as their families are unable to keep up with rising expectations and also rising prices. Women at these levels continue to carry the burden of their domestic duties besides earning outside. Further up women are participating in the modern economic system as equals of male partners and are augmenting substantially family incomes which may not be strictly necessary for them. They are divesting themselves of their family responsibilities. Thus, to some extent, though may be marginally, women's participation in the traditional agricultural sector may be decreasing while their participation in the modern urban sector is improving at a fast rate.

There are two trends in the management of homes in our country as women in the upper and the middle strata disengage themselves from domestic duties. Firstly, there is some amount of substitution of labour by capital equipment with the increasing use of a variety of gadgets. Secondly, domestic servants are taking over the responsibilities of women, partially or even fully. This is, however, largely an urban phenomenon where women, children and men from the weaker sections of society in rural areas are flocking in search of some opportunity in urban areas, and when they fail to get anything worthwhile they take on menial domestic jobs. It is

an irony that in the final analysis women located at the other end of the spectrum belonging to the elite groups are effectively blocking the entry of men from the poorer sections in general, and rural areas in particular, into the organised sectors. The rural youth suffer from many handicaps in comparison with them—they study in ill-equipped institutions; they lack sophistication and are diffident in communication particularly because of the language problem; and lastly, the physical distance from the place of employment itself involves considerable expense even for routine things like registration in employment exchange, search for possible jobs, appearing at interviews, etc. Thus the better-off sections enjoy multiple jobs or vocational and professional engagements for both partners in the family raising their incomes manifold. This disproportionate cornering of opportunities by the non-poor families beginning with the most affluent has regressive consequences all down the line. The net result is that the potential bread-winner in some families at the other end of the line is denied the opportunity of getting even the lowest job in the organised sector. In contrast to the 'liberation' of women in the affluent groups, women and also their children, at the other end of the spectrum, go out of their homes for seeking work not because they wish to claim an equal status with their men-folk and are determined to fight discrimination against their sex but because the earnings of their bread-winners are too meagre to support the family even at the subsistence level.

The experience of developed countries which have become the models for emulation by the elite is really not comparable. Women in these countries joined the employment market in a big way when they faced a shortage of manpower particularly during World War II. These countries were already enjoying the affluence of their colonial exploits. The introduction of new gadgets at home freed even the middle class women from many of their domestic responsibilities. This enabled them to move out of their homes more freely. Thus, women in these countries at this time were not competing with men for employment but were being drawn into the system—first to relieve the strain of war, and then to support their expanding economy. On the contrary, in our country women amongst the non-poor sections with a variety of differential benefits at their command are entering the more lucrative tertiary sector of the employment market at a point of time when the overall unemployment situation in the country is deteriorating. The principle of equality is being pressed by this section in a bid to corner a larger share in the national economy for themselves than what is warranted on considerations of equity at the moment and, thus, depriving the less fortunate and disadvantaged sections of the meagre chance of vertical mobility and, in the final analysis, even bare subsistence earnings to those at the other end.

Dualistic Welfare

We have so far considered those processes in which the system and the State policies either directly led to deprivation at the lower levels or which

by themselves were neutral but aided the deprivation processes indirectly. We will now consider the positive programmes of welfare which are expected to be uniform to all sections of the society, yet in the context of the overall dualistic structure tend to acquire dualistic characteristics and accentuate the overall dualistic trends. The case here, however, is not one of absolute deprivation but the phenomenon of relative deprivation which has come to occupy the centre of the stage.

It may be conceded at the outset that in any scheme of development a beginning has to be made with a few selected points and that all people and all areas cannot be covered simultaneously. The ideal approach would be to begin with the last man, the most deprived sections of the society and the most backward of regions. This is the essence of Gandhian thought and the philosophy of *Antyodaya*. This approach is not in consonance with the general developmental strategy adopted in our country in which augmenting the overall productive effort and maximising that function has been given precedence over considerations of equity. Even in this milieu of production first and equity next, while a beginning could be made with selected points, not necessarily the most deprived ones, a plan of universal coverage within a reasonable period could also be made. We have noted earlier that leaving these issues vague, suits vested interests and, therefore, no clear perspectives have been prepared on this crucial point. The situation has been vitiated by the uncontrolled dualism under which not only has the beginning been made at selected points but the expectations amongst those sections have been allowed to rise continually and remain unsatisfied despite the selected groups cornering all the additives accruing to the national economy. The level of social infrastructure, community assets, etc., for these sections has also been continuously pushed up with their rising expectations unmindful of the dismal general level in the nation as a whole. In fact, the high standards provided for these sections are given the aura of necessity for decent living without any qualms of conscience since the growing polarisation between the rich and the poor and the alienation of the elite from real life situations in the country have created a make-believe world of its own. As these people happen to be in the powerful decision-making positions, they are able to act without any restraints and inhibitions. In fact, their position is like that of the blind man who, while distributing sweets without any apparent bias or favour, turns again and again to his own kin and gives away the packets. Heavy blinkers have been acquired by our elite for a similar purpose.

The case of education will help us in understanding the pattern in various welfare programmes. In the beginning all people depended on public institutions for the education of their children, right from elementary schools to the university. The number of institutions was, however, small and they were able to serve only a limited section of the community. The institutional infrastructure has been gradually expanded to cover a larger area and greater numbers. An average institution was not able to keep up quality while the need for better institutions was being pressed by the elite

groups. Thus again a beginning was made from selected points establishing a new set of institutions with heavy investments while even the rudimentary services were not available to the common man. As the dualistic structure of the community got strengthened, the elite and a small circle succeeded in perfecting their claims on the economic systems and cornered such a large share of the national pie that it was no longer necessary for them to depend on public institutions for the education of their children. In the first stage they became self-sufficient in elementary education which required comparatively lower investments. The new private sector infrastructure for school education, which has developed in this process, is incomparable with the general school system in terms of physical facilities and quality. This group, however, continued to depend on public institutions for technical and university education, partly for reasons of public policy though mainly because they were too costly a venture for even the elite to sustain. Moreover, at this level considerable mobility was possible and they could afford to take advantage of educational facilities abroad. Some ventures too in higher education like Engineering and Medical Colleges have been started following the principle of 'capacity to pay'. These have run into bad weather simply because they tend to differentiate between different sections amongst the elite, particularly those in the fixed income group who, however, enjoy commanding positions of authority vis-a-vis those who are affluent but are outside the formal power system. If the new exclusive facilities were equally accessible to all sections of the elite, as is the case in the matter of school education, these questions would not have been raised. The higher investments in selected institutions are legitimised on the ground of quality. In form they are not exclusive and even a part of the facilities may be reserved for weaker sections to quieten opposition. These facilities by their very nature are limited and peripheral so far as the large masses of the people are concerned. The major beneficiary of these investments are the elite sections.

In conclusion, we may say that the investment on education is uniformly high among the higher and upper middle classes. It gradually decreases in the lower middle strata and sharply declines as we reach the poorer sections of the community. It is reduced to zero where family incomes need the helping hand even of the child. The people at the upper end do not directly depend on the State while as we move down the line the dependence increases and the quantum of State aid per capita rises. Further down the total investment on education of the individual as also the per capita State aid decreases and a large section of our people is effectively denied even the minimal benefits of the educational system. There is no doubt that an increasing number of people are being formally covered by the educational service but there is also increasing polarisation as a substantial part of public expenditure on education is being absorbed by institutions serving the upper classes and urban areas. This process is cumulative as the better-off can make higher investments individually and are better equipped to absorb the benefits of institutions which

in principle are open to all.

We may now consider whether these dualistic trends in education can be sustained on the usual premise of early differences being a necessary condition of any process of development. It can be said that the benefits of education will get extended to all people in due course. The basic question is the extent of dichotomy which can be allowed in education and what would be its duration. For example, the Constitutional directive envisaged universalisation of elementary education for all children upto the age of fourteen within a period of ten years. Thus a tolerance limit for any differentials in investment on elementary education on account of a large number of possible considerations was precisely set. Any reasonable strategy for achieving this national goal should have balanced the quantum of investment on education for different regions, and also for different levels, viz., primary, secondary and tertiary, in such a way that the limited resources should have yielded optimal results in overall terms besides honouring the Constitutional directive. But this approach was not adopted. Consequently, the lion's share of the investment on education has continued to flow to institutions of higher learning and to the privileged urban areas and higher sections of population and the target date for universalisation has been shifted from one Plan to the next denying even elementary education to a large section of population.

The patterns of investment in education are similar to those in many other sectors including social services like health, basic needs like drinking water and housing, common services like transport and communications, and such like. In all these cases the elite are able to provide for themselves without depending on direct State assistance or by using the technique of establishing quality institutions ostensibly for the people with built-in privileges for themselves. Consequently, the elite are not concerned about the general conditions prevailing in many of the important sectors relevant to the common man. They may not be even aware of the problems which the people face in these areas. For those having running hot and cold water, the long queues at the public tap or the long trek to the nearest water points do not mean anything. While public transport continues to be in a dismal condition, policy-makers do not hesitate to introduce new models of cars, to create additional demands or to cater to the needs of the not-so-affluent at a reasonable price. Ideas like that of a 'neighbourhood school' fully in consonance with the egalitarian objectives of the Constitution are dismissed out of hand and 'Public Schools' continue to thrive with greater respectability notwithstanding the obvious incongruity so freely acknowledged in public debate. Urban areas are specially favoured in this regard because the elite group happens to be located there. Besides, physical proximity itself creates conditions of better appreciation of their problems, though the really poor in slums are out of sight and are left out even here. Further, urban people are vocal, articulate and better organised. Therefore, they are able to press their claim using the egalitarian argument and other welfare principles to give an aura of legitimacy to the inequitous position of the

policy-makers themselves. This leads to a peculiar situation of 'welfarism at the top' without any concern for the condition of the common man and his needs.

Welfare is such a wide concept that it can be used to cover a vast variety of elements which may really serve group interests. Moreover, the programme content under any item is highly variable. For example, a children's programme at the one end may include experiment in international living while at the other end it may provide barely a few paise per child per day for needy children. Deliberations for welfare programmes may be held in five-star settings where high budget programmes with high overheads and little real output may be formulated with a sense of great achievement. Programmes for the welfare of women, for employees in the organised sector, etc., also follow the same pattern. Even the welfare programmes specifically meant for the weaker sections tend to become dualistic. Firstly, the weaker sections themselves are greatly heterogeneous. In our country the situation is rendered more complex by the fact that many communities as such have been designated as belonging to weaker sections, irrespective of the economic condition of the individual. This practice began with listing the Scheduled Castes and Scheduled Tribes and applying it to them but is now getting extended to other communities as well which are being designated as Backward Classes. Even when some differentiation is introduced in these groups on the basis of individual incomes, it does not alter the situation significantly. Firstly, the income levels for differentiations within the groups are set with reference to the common notions about poverty in the elite group which are usually very high since they themselves are keen about legitimising their own positions. Thus the cut-off points for welfare programmes relating to the weaker sections may be very high compared to the realistic poverty levels. Therefore, for obvious reasons the benefit of such programmes is usually limited to a small crust amongst the groups. The effect of such a differential absorption becomes cumulative. As the dualistic structure within these communities gets further reinforced, there is increasingly unequal competition amongst them and the really weaker groups may not get much benefit.

The economic development programmes prepared for these sections may also be distorted since they tend to follow the general elitist models prevalent in the country. For example, substantial subsidies may be claimed under self-employment programmes and even tractors may be supplied at concessional rates simply because the individual belongs to a particular community. Reservation in services has been one of the most potent forces for vertical mobility but as the number of those who are able to move up taking advantage of these facilities increases and persons belonging to this upper crust continue to compete for the reserved positions, the chances for mobility from the large majority in the lower strata gets reduced drastically. This situation gets further worsened by the fact that the various communities formally grouped under the same category are themselves highly differentiated. Therefore, members of those communities which may

have been comparatively advanced from the beginning itself or those which for a variety of reasons may have taken advantage of new developments and thus may have become comparatively advanced, are able to out-compete those belonging to the weaker communities. The concept of social justice here takes a queer turn as individuals tend to be identified with the community to which they belong. They become statistical abstracts, a reduction which suits both the national elites and the emerging elites from amongst the weaker sections. Thus the benefits of programmes designed for all special categories like women, children, Scheduled Castes, Scheduled Tribes and other backward classes may be absorbed by the upper strata in each of them, the really deserving being left out in the process.

In a planned economy like ours the bulk of investments for developmental and welfare programmes comes from the public exchequer. An important question, therefore, can be raised about who really carries the burden of the poverty alleviation programmes. The major part of the resources are raised by taxation, indirect and direct, mobilising savings in various forms and lastly to some extent by deficit financing. It is obvious that the poor are not required to pay direct taxes and even agriculture is outside direct taxation. Important sources for indirect taxation are excise, import and export duties, etc. The incidence of indirect taxation, therefore, is obviously at the point of consumption.

Thus the entire burden of all State activities—regulatory, developmental and welfare—apparently falls on the better-off sections of the society, particularly those in urban areas. In such a milieu investments on developmental programmes which emphasise growth and investments in urban areas believed to be fully justified—even investments blatantly catering to the interests of the elite groups—are accepted stretching to them the same logic. But investments in rural areas and on poverty alleviation programmes strike a not-so-happy note. They are viewed as favours and charity—a view which is not desirable. This explains the reason why poverty alleviation programmes experience tremendous resistance all through the line beginning with the concept itself through tardy procedures, unrealistic conditions and even motivated definition of the beneficiary group itself. Our earlier analysis shows how in our economy at the moment the benefits of development accruing due to the application of science and technology, organisational inputs, etc., are being largely cornered by the organised and the urban. The numerous processes of deprivation are not only taking away the benefits of Nature's contribution from those who are working in the field but are cutting into even reasonable returns of their labour inputs. Investments and savings, therefore, have to be perceived in this context. Savings are being generated amongst the non-poor because the poor are not getting the returns of their labour. Similarly direct taxes are paid by those who have higher incomes not because these incomes represent the returns for their effort but because these sections have been able to pitch their own factor price so high which has no relevance to their contributions. In many cases their high incomes are partly due to the gains of

manipulation. All arguments about a particular section paying through high taxation—direct and indirect—are deceptive and are really a defence mechanism aimed at legitimising the initial inequitous distribution. The indirect tax is systematically passed on to the last point in the series. In fact, at every stage the quantum which is realised in lieu of taxation is higher than what is required to be paid for by the group which realises it. This process continues upto the final consumption point. Thus all the intermediaries are gainers in the process of tax realisation. It is the consumer who is required to carry the burden of indirect taxation with some multiplier effect as well. The producers in the organised sector are not adversely affected since they are in a position to name their price. Moreover, they are also the beneficiaries of the various additives accruing to the economy. Consequently, indirect taxation does not affect the factors of production in the organised sector. In the unorganised and the semi-organised sector the story is different where the incidence of taxation cannot be passed on to the consumer. Therefore, it begins to erode the producer's economy. There not only the profit element is cut and reduced but even reasonable wages of labour input are not fully realised. Taxation like the rate of interest results in a squeeze of these production factors. A substantial part of the savings and undisclosed profits in the organised sector can also be traced to the same source.

The fact that the consumer carries the burden of indirect taxes is true but only partly so. Unless the entire issue is critically examined it may lead to fallacious conclusions. For example, it may be argued that the heaviest burden of indirect taxation is on those groups whose consumption level is high and that the poorer people escape it for the simple reason that their consumption itself is very meagre. Here our earlier analysis of the inequitous basic equations would help in clearing the issue. The wages and incomes in the organised sector are arbitrary and determined in isolation. The really affluent are not affected by the inflationary price rise, in fact they are the biggest gainers. Amongst the non-affluent groups any rise in consumer prices sparks off a demand for higher wages or, in other words, a higher share in the GNP. It is true that there is some time lag in this adjustment. But in view of the great differential which is already built in, the lag does not make a serious difference in the basic equations. Thus, there is no doubt that the organised sector as a whole makes good the loss within a short period. In any case it is a purely fictional plus-minus account so far as the organised sector is concerned. The money lost by way of indirect taxation reappears in the form of State expenditure on salaries, welfare programmes and investments, the bulk of which accrues to the members of these groups themselves. The net losers are those who belong to the rural and the unorganised sectors. It is they who, in the last analysis, carry the heavy burden of all sorts of taxation in our economy, notwithstanding the no-tax picture presented by formal accounting.

Drinking is only illustrative, though an extreme example of the economic consequences of pseudo modernisation. The neo-rich are the

pace-setters of what is believed to be modern life as there is a phenomenal rat race in the higher strata of our society with virulent consumerism. As a result many in other sections are forced to keep up with the Johnnies because of their traditional social status even though their economic conditions may not warrant that style of living. Young men and women, particularly the educated, have been caught in this whirl and most of them are living beyond their means. The climate of high living and quick success with no relationship to individual capacities and efforts is reflected in the high tide of a manipulative economy which is flourishing primarily because of the generally lax milieu permeating the upper and even the middle strata as also the fact that there is a large mass of ignorant people who can be pushed about. Emulative consumption without augmentation of the earning capacity firstly cuts into the basic needs of the people as in nutrition, education and such like. As the burden of emulative consumption continues and grows, even the meagre asset-base of the people may get eroded. The consequences of wasteful social expenditure like marriage feasts, death ceremonies, etc., have been noted, studied and decried because they stand out in contrast, though such expenses are lumpy and infrequent. Moreover, they are also subject to much deliberation by the individual and his close circle even though there is pressure of social customs, prestige of the family, etc. The traditional communities were not unaware or unconcerned about these anomalies and many institutional devices like customary contributions at the time of marriage and death, amongst the members of the extended family, the network of near relations, caste groups, village communities and such like, developed for sharing the burden and relieving the strain on an individual. Emulative consumption on the other hand is purely an individual decision sometimes in isolation even within family and in disregard of the wish of other members as in the case of drinking. This expenditure is continuing, though the quantum of expenditure at every point is quite small. The implications of emulative wasteful expenditure over a long period, therefore, are very severe and can cause disaster to the family economy. Since such expenditure cuts into essential consumption it reduces the earning capabilities by adverse effects on health and inadequate investment on education. Manipulative commercial interests have appeared on the scene in a big way and are taking advantage of this milieu of emulative consumption. There is a thriving industry and trade in spurious goods which are offered to the unsuspecting consumer at attractive prices. The village bazar and pavement markets are flooded with items of all descriptions including fancy goods of daily use like nylon clothes, fancy durables like watches and transistors, and fancy non-essentials like cosmetics, sunglasses and such like. Not only a substantial part of this business is fraudulent, many articles like spurious cosmetics are positively injurious to health. Taken together this entire business results in a substantial drain on the poor man's economy and essentially is a part of the general process of deprivation.

In the same continuation, we find many other adverse implications of

cultural dualism. All communities have developed their modes of relaxation and enjoyment after a hard day's work in the evening, or a long hunting expedition after sustained work in the field for the entire season and so on. All forms of traditional folk entertainment are participative in character and every one enjoys himself equally irrespective of his economic condition. Entertainment has assumed altogether a different form in modern and urban societies. Firstly, they are now attuned to the daily and weekly working cycles having almost no relationships with climate or season. Secondly, they are passive and commercialised. It is not the inner exhilaration, one's capacity to sing and dance through long hours but the power of one's purse which determines the access to these entertainments. The gramophone, cinema, radio and lastly television are powerful members of the media which have penetrated homes in all parts of the country. Individual artistes have risen to great eminence and some of them have even become formidable political figures. Even these developments have reinforced the dualistic trends in our country. The tradition of folk entertainment is on the decline. The individual is losing even the skill and capacity of participative enjoyment; even young men and women may be at their wits' end if left to their own devices for enjoyment of leisure. Besides the loss of cultural vitality, entertainment is getting related to one's capacity to pay. Moreover, the attractions of new forms of entertainment unrelated to the cycle of the agricultural system are proving to be too strong to detraction, particularly for the younger people, from serious and diligent application to their arduous vocations. This trend is reinforced by the fact that the whole education system beginning with the primary school itself is attuned to work-style of the urban and the modern with no concern for that of rural and agricultural people. Even matriculates are unable to adjust in the traditional setting and their application in traditional vocations is inadequate. Thus, the distraction of commercial entertainments and the continuing financial drain together with the disinclination of the younger people to accept the rigours of a cultivator's life are adding to the contradictions in rural areas of growing economic needs and comparatively lesser individual effort compromising earning capabilities of a significant section of the rural population.

The social dualism described above is getting accentuated with the passage of time. Consequently, there is growing dissonance between the social norms in the dominant modern system and the vast majority of the people. The elite groups are tending to be exclusive and are acquiring characteristics of neo-caste formations. As the pace of economic development quickened after Independence the modern sector expanded at a fast rate which acquired a dominant position. A significant section of the new elite group initially hailed from rural areas. Particularly because during the prolonged national struggle for freedom with Gandhian emphasis on participation of the masses and effective two-way communication between the leaders and the people, a large section of people in rural areas had been activated. The second and the third generation members of these elite

groups have lost their touch with their original homes and have no idea about the life of the people and the poor which was a great merit of the first generation migrants and social climbers. After the initial influx in the modern sector, from rural areas and traditional sectors, vertical mobility into the higher groups has been greatly reduced for a variety of reasons. Firstly, the rate of expansion of the modern sector has slowed down. Secondly, the members of the elite are not only reproducing themselves but their womenfolk are entering the work force effectively blocking the entry from outside. Last but not the least, the cost of initial training for entry to the modern sector is increasing and access to quality educational institutions itself is highly selective, fluency in a foreign language being the biggest hurdle even for the really talented. A similar situation prevails even in political life where universal franchise could be expected to throw up a different set of people from amongst the masses. The comfort of urban living is in such a sharp contrast with the difficult conditions of rural areas that once a person moves to a town, be it a representative of the people or otherwise, he tends to cling on. His contact with the people is gradually reduced and he ceases to represent them in the real sense. With the sharpening of the difference in the styles of living, those living in urban areas are loath even to go to a village for a short stay. This is one of the most important reasons why administrative and extension officials, who have a key role to play in rural development, pay only flying visits facilitated by motorised transport and *pucca* road network. Their contact with the people is peripheral being largely limited to the elite amongst them and they have little understanding of the conditions of the poor. It is an irony that the powerful media and the modern communications network have strengthened one-way processes from the urban to the rural.

The net result of all these developments is an all-pervasive dualism. The higher and the middle classes, particularly in the urban areas, live in a make-believe world of their own which they believe to be representative of Indian society while India, i.e., Bharat, continues to live under entirely different conditions engaged in a raw struggle even for bare subsistence. As the elite have no idea of the pangs of poverty, the poor having been reduced to mere statistical abstracts, they have made their own classifications of rich and poor drawing upon the stratification of minute differentiations amongst them. This is also reflected in the unrealistic structure of various welfare and developmental programmes which we will discuss in the following chapter. In the make-believe world of some, for example, there are no beggars, simply because they may not have seen a beggar for years, little realising that they have hardly stepped out of their luxury cars away from their well-kept surroundings assiduously maintained by the system to keep the national image high. This also explains why a bevy of committees may be set up, for example, for controlling the prices of cars, production of a people's car while even the bare necessities continue to be out of reach of the really poor. We witness the phenomenon of our doctors belonging to the elite sections constituting the backbone of the public health system in the

United Kingdom and rendering valuable services in the United States while the rural health services in the country remain starved of medical personnel. Even the full capacity in medical institutions may not be used on the premise that there are no sufficient positions in the public health system, while minimal health facilities continue to be out of reach of the rural poor.

Social Dichotomy and Dualistic Modernisation

In our formal presentation of the Indian socio-economic situation the caste-based social dichotomy was identified as one of the four major dichotomies. While social differentiations continue to play a major role in all facets of life in rural areas, they appear to be receding in the background in urban areas. This, however, is more apparent than real for two important reasons. Firstly, the life style in urban areas is not determined by one's caste but by one's economic status. Moreover, caste-based concepts like pollution have also worn out. Secondly, the urban population, particularly the high and middle classes, largely comprise the members of the higher castes who even otherwise in rural areas also had much in common. Consequently, the caste differentiation in urban areas is rather slender. Nevertheless even in urban areas its travails have not disappeared. Caste continues to play an important role and is one of the crucial elements in the poverty issue. We will analyse this phenomenon in some detail.

The traditional rural society can broadly be divided into two groups, viz., landowners and others. Landowners themselves can be divided into two groups, viz., cultivators and others. Amongst landowners, most of those belonging to the middle and lower castes generally cultivate their own lands while some of them may not do any personal cultivation. On the other hand, many of those belonging to the higher castes comprise the group of non-cultivator landowners. There are two reasons for the landowners not cultivating their own fields. Firstly, some of them are big landowners. This means they may hire agricultural labourers or give their lands on rent to tenants or sharecroppers. But even some petty landowners may not cultivate their lands due to caste prejudices. They are satisfied with the meagre rents or share to keep up the tradition even though it may not be sufficient even for bare subsistence. Moreover, some of them may also be engaged in their traditional callings or may be employed in the modern sector. In their cases land is in the nature of a form of permanent asset which yields some additional incomes but not a source of living.

In the traditional village society those castes which did not own land were also an integral part of the rural socio-economic system. They provided a variety of services to the community. These services broadly fall in

two categories, viz., (i) services requiring manual work and skills and (ii) services requiring non-manual skills and roles. All the traditional craftsmen including weavers, smiths, carpenters, cobblers, scavengers, etc., fall in the first category while priests, teachers, scribes, etc., belong to the second. The non-manual professions have been the prerogative of higher castes particularly the Brahmans and Kayasths. Occupations requiring skills of hand and manual effort have been placed in lower categories which themselves are highly stratified. Besides these craftsmen, agricultural labourers now comprise a large section. They initially came from specific caste groups which specialised in agricultural labour. But as the economic conditions in rural areas deteriorated, the caste-composition of agricultural labourers has become wider. A large majority of them, however, belong to the lower castes.

The traditional village economy was a balanced one and various services were remunerated according to well-established norms. It can be said that the equations were heavily loaded against manual occupations of the lower castes and had no relationship with their real contribution to the village economy; in some cases, the remuneration levels were extremely low, insufficient even for bare subsistence. There was an element of compulsion as there were no options. The members of the lower castes accepted their position as a matter of fate.

We have earlier referred to the polarisation in the rural economy. As the economy of the small cultivator becomes increasingly non-viable, he is marginalised and gradually loses his land and becomes a landless labourer. His land passes into the hands of either those who have money and can take advantage of the adverse conditions in rural areas or those who are able to get a large share in the benefits of new development in the form of land development, use of modern technology and are, thus, becoming a part of the modern sector. If we look at the condition of the non-land-owning groups it will be clear that polarisation has generally followed the traditional social stratification. The reason is simple. In essence, development envisages a new economic structure in which an increasingly greater segment of the population should get engaged in non-agricultural activities. In this process there are two important features. Firstly, the new advances in science and technology and organisational forms have given the non-agricultural activities a new strength and they have come to occupy higher positions in the new system. Agriculture, which was considered prestigious in the traditional system, is being relegated to a secondary position. Secondly, the new system is all-pervasive and is covering the entire national economy which has caused the collapse of the traditional self-sufficient village economy. Consequently, all members of the traditional economy are now seeking alternative positions and a foothold in the new economic systems. The various services, manual and non-manual, in the village system which were subservient to the agricultural economy, are now assuming new forms many of which are greatly organised and semi-organised. Since agriculture has been relegated to a secondary position, the cultivators scattered in half-

a-million villages comprise an organised group in the larger national system. In this process of transformation of the national scene the traditional social dichotomy is proving to be crucial. We may note here that the focus of the national economy has now shifted from rural to urban areas. The first implication of this change was that those who happened to live in urban areas got a tremendous advantage of being first in the race by virtue of the mere locational factor. It had serious implications for the socially depressed groups particularly in rural areas. The non-agricultural sector in the modern economy does not represent the culmination of a gradual process involving step-by-step upgradation of the ordinary skills of the common man which would have benefited the traditional non-agricultural occupation as happened in Western countries. On the contrary, we are witnessing a process which is like a vicious spiral. While the foundations of new industrial enterprises and professional services were being laid almost out of nowhere in urban areas, at the other end, by the same token, the base of the traditional industrial and professional services largely located in rural areas was being seriously eroded. In fact, the modern sectors in our economy, by virtue of their strategic positions, acquired monopolistic and quasi-monopolistic character. Moreover, they were able to retain the benefits of the science and technology additives and organisational additives all for themselves without sharing them with the larger national economy. Consequently, the modern occupations and services became incomparably stronger compared to their counterparts in the traditional sectors.

The new professions also got the benefit of their urban settings. In fact, necessary facilities including physical infrastructure and social services are created whenever modern economic activities are started. Thus, the new professions have the benefit of better economic returns as well as superior social services and a more comfortable urban life-style. In this reversed matrix of the economic system, agriculture as a profession could not be expected to continue as a preferred choice in rural areas. Initially there was some hesitation, particularly amongst those who had large landholdings and were enjoying the benefits of intermediation in agriculture. However, as the equations became increasingly loaded in favour of the organised and the urban sectors and all sections of the rural community suffered under the spell of the modern system, competition for entry into the modern system has become very severe. A number of factors rooted both in the social system and in the modernisation process have resulted in the establishment of vicious dualistic spiral in the national economy.

The modern sectors of the economy generally require new skills which can be acquired through apprenticeship, training or general education, as the case may be. The level of skills in the earlier phases of development was rather modest. But as the capital intensity and sophistication have been increasing the level of necessary skills for various occupations has been moving up. Moreover, with the spread of education and keener competition for limited opportunities in the organised sector, the

minimal requirements for entry for various positions have got pushed up unrelated to their functional utility. All skills can now be acquired, by and large, in relevant institutions only. The access to the modern sectors of the economy, therefore, largely depends on the economic status of the family and its capability to provide early training to the child. It may be recalled that some of the higher castes were traditionally engaged in non-manual occupations like those of priests, teachers and scribes. The early benefits of the new opportunities in formal education went to members of these communities because of their tradition of learning even though some of them may not have been in the highest economic groups in the village. Other sections in rural society, who could afford the new education for their children perhaps with greater strain on their resources like middle peasants, joined the competition in the second wave which is continually growing. The groups which were the first in this race have added to their strength taking advantage of their new links with the modern sector both in terms of their position and location. This big differential in the opportunities in the modern sector for reasons—social, economic and historical, is at the root of the continuing demand for reservations for different sections of the community on the basis of caste.

The traditional occupational groups located in the lower strata of the social structure have been experiencing the severest backlash of the modernisation processes. In the wake of structural transformation the relevant occupations got the advantage of new science and technology and acquired new organisational forms. But these changes occurred at higher levels usually in selected urban centres far away from the place of work of the traditional artisan. These artisans in the traditional setting did not get any benefit of these changes during the crucial first phase. The sporadic State effort after Independence to help them through extension agencies has also not made a qualitative change in the situation. The most important reason for the artisans not getting the benefit was that the new technology was generally suited to a large scale operation compared to the household frame of the traditional artisan. The technology and also the associated organisational forms in our country were borrowed from the developed countries without adaptation to our conditions. It may be remembered that in the developed countries the technology had reached an advanced stage over a long period leaving far behind the technology of the early phase where the traditional Indian artisan was still subsisting. Therefore, he was not in a position to assimilate its benefits from one stage to another as during the early history of industrialisation. Even where there were some possibilities of adopting new technology for improvement of the household and village industries and the artisans were aware of its potential, their economic condition came in the way. The apparently modest investments were beyond the reach of these depressed sections of rural society. Consequently, they came under tremendous pressure of competition from the modern sector which made their trades increasingly economically non-viable.

There was another development of special significance to the tradi-

tional artisan caste groups. The basis of entry to the modernised forms of the traditional vocations was no longer the apprenticeship at home but expensive education and training at schools, colleges and technical institutions which were beyond their reach. In the new urban setting the income earning capacity became the primary determinant of individual preference and social standing. The traditional higher social classes were quick to adapt themselves to the new situation. Consequently, the modern versions of the skilled but lowly village arts and crafts became the close preserves of those social groups which earlier despised them. The rich peasant and members of the highest castes are now keen that their children should enter the new economic system as a modern *lohar* or blacksmith (mechanical engineer, metallurgist), a modern *mistry* (civil engineer), a modern *julaha* (textile engineer) and so on while the traditional engineers (*mistry* and *julaha*) are being forced to become landless labourers having lost in the competition with no takers for the products of their traditional skills and no agricultural land to fall back on.

The style of structural transformation with two entirely different faces for the higher and lower caste groups was not inevitable. The occupational group of barbers provides an interesting example of the possible adaptations under favourable circumstances. In this case, even in the new urban setting capital intensity of the profession was moderate initially and family apprenticeship was sufficient to establish oneself as a professional barber. This occupational class, therefore, has succeeded not only in maintaining its position but improved it taking advantage of the new economic system. The situation is somewhat different in the case of beauticians, the traditional calling of women (*nain*) in the barber's family. There are many contributing factors. The traditional beautician's task is a more intimate one, at personal level with coquettish flavour, in a well-knit community. This intimate relationship is absent in the new urban areas. Moreover, women as a class are more versatile in their skill-endowments particularly in relation to personal and household affairs. In urban areas all services are organised on a commercial basis. An average woman cannot afford to pay for the traditional services in cash. On the other hand, barbers themselves in their bid for a higher social status are reluctant to allow their women to continue with their traditional chores. Consequently, this traditional occupation of beautician, whose services were available to almost all women in rural areas, did not get established in urban areas in that style. Instead, in response to the new demand of the elite groups, highly sophisticated beauty parlours are springing up which require considerable training and capital investment. It is largely persons belonging to the higher castes who can afford that training and financial back-up. There are, however, some exceptions where barber families have also ventured to enter this modernised version of their traditional trade. Thus, we find that there is a mixed impact of modernisation on the barber occupation group whose quality is directly relatable to the training and the capital requirements in the new setting. The

menfolk have been able to establish themselves in the new profession reasonably well while their women are out of their traditional trade sliding back on the skill spectrum.

Tailoring is another example where the traditional castes have, by and large, established themselves in the new system. The new technology of tailoring associated with the sewing machine is quite simple and does not need formal professional training. So the traditional tailor had no problem on account of new skill requirement associated with the technological change. But they faced some competition from the higher groups on account of the need for financial investment for acquiring the new device. Even though the monetary investment was not very high, many of them could not afford it. However, there were some favourable developments which helped this profession. While the per capita consumption of cloth has not gone up significantly, the style of apparels has changed for a substantial section of the population which requires much more stitching than earlier. Consequently, the demand for tailoring service has risen sharply and all traditional tailors have been comfortably accommodated in the new setting. They, however, have not been able to take full advantage of this big boost for their occupation. The new opportunity of high class tailoring which emerged particularly in urban areas requires at least some show of advanced training and, what is more important, a fancy establishment. In an unequal competition of pseudo skills and fancy investments, the members of higher social groups have entered this profession particularly in relation to high class clientele. The members of traditional castes, many of whom are master tailors of repute, are at best employees in these prestigious establishments. This polarisation is much higher in the new industry of readymade clothes.

In the traditional society there were deep-seated prejudices against the occupations of the lower castes. As these occupations acquired a modern form and greater prestige with increasing use of science and technology requiring handling of machines, these prejudices waned for two reasons. Firstly, their locale changed. In the anonymous setting of urban centres one could follow any occupation without fear of ridicule or loss of face. Secondly, in larger systems a calling is no longer associated with a caste group. Moreover, the working life of individuals in the modern sector is, on the whole, quite distinct and separate from their personal lives. Further, not only prejudices associated with low caste occupations did not affect their homes, higher money incomes enabled them to lead a better life. Thus, an individual is able to move up even amongst his own social groups notwithstanding the traditional status of his new calling. Consequently, entry to the modernised versions of traditional occupations in the new economy has been largely uninhibited by social prejudices. As the new occupational categories needed more and more institutional training, real or imaginary, and larger financial investments, basic or fancy, the higher classes got tremendous advantages on which they have capitalised. On the other hand, the traditional occupational

groups, with some exceptions, continue to languish and are getting increasingly de-skilled and are sliding back on the economic scale.

The traditional occupations themselves have a highly stratified *inter se* social ranking. For example, barbers perhaps occupy the highest position in this group with carpenters and blacksmiths following closely behind. Scavengers are at the rock bottom. Most of the uncongenial occupations like those of midwifery, flaying and scavenging are associated with castes designated as outcastes or untouchables. Modernisation of many of these occupations and the new consciousness amongst the members of the concerned communities have had some serious economic consequences. Firstly, the process of modernisation itself is dualistic. The example of leather workers (*Chamar* or *Raidas*) will illustrate this point. These occupational groups comprise a number of economic activities beginning with carrying the dead animal, flaying of dead body, tanning of skin, preparation of leather articles and their sale in the market. In some cases each activity is related to a specific sub-caste amongst the larger group of leather workers. Flayers occupy the lowest position amongst them. In the process of modernisation relating to economic activities of this occupational group the sale of leather goods was the first to get organised as a distinct activity. In the second stage, increasing use of machines in the manufacture of leather goods led to the organisation of their production on a larger scale. Lastly, even though the bulk of flaying and tanning operations continue to be performed in the traditional way, the use of new technology is transferring a significant part of these operations to the modern sector.

This process of modernisation of leather work is dualistic. Those parts of the traditional occupations of the *Raidas*, which are no longer uncongenial and which yield larger incomes are losing their caste association and are being taken over by other social groups while the uncongenial and unremunerative parts continue to remain in their lot. Thus, as new townships grow and markets become better organised, the small manufacturer-vendor disappears from the footpaths and the *hats* and big showrooms of leather goods get established. The better equipped technician with his machine is now competing with the traditional manufacturer of shoes and their children are forced to eke out a living as shoeshine boys. As flaying and tanning get organised on modern lines, the highly qualified veterinary scientists will displace the *Raidas* from that part of his traditional economic activity which would have received the benefit of new science and technology yielding larger incomes to its practitioners.

Traditional groups basically are constrained by two handicaps—they cannot afford the needed training for entering the modernised versions of their profession nor do they have the requisite capital for organising it on modern lines. The members of higher social groups with the advantage of education and training as also their better economic status are entering this arena mopping up the benefits of development. On the other hand, the members of lower castes are forced to stay confined to uncongenial and unremunerative

portions. In sheer disgust and in a desperate effort to rise in social ranking, many a group amongst these castes have decided to dissociate themselves from those despised tasks and refuse to lift and flay dead animals and tan their skins. The initial reaction of upper castes everywhere has been that of shock and retaliation. In many cases the lower castes were denied access to common services and even passage through fields owned by the members of other groups, thus compelling them to perform the customary services. In some cases the upper caste owners of cattle began burying the dead cattle themselves instead of depending on the flayer. Moreover, some professional groups from urban centres like lower caste Muslims have also entered the rural scene and have taken over traditional service on purely commercial lines. Thus, not only have the traditional occupational groups been subjected to the wrath of higher castes, their economic interests have also been seriously compromised.

Midwifery provides yet another example of dualistic modernising processes. It is an essential service for all sections of society. The traditional *dais* have been performing their jobs reasonably well as is clear from the rising population notwithstanding inadequate modern maternity and childcare services. The State is committed to provide a reasonable level of maternity and childcare services to all citizens within the shortest possible time. In pursuance of this policy a network of Primary and Subsidiary Health Centres have been established throughout the country. While the jobs of a doctor and a Lady Health Visitor are highly technical even the lower level tasks of midwife now require substantial training. Consequently, only those who can afford the minimal education and training can enter the ranks of even the midwife. While the doctor's position is prestigious, midwifery has not acquired the requisite social status resulting in heavy shortfalls in their cadres. Amongst medical personnel of all descriptions only those who cannot get a foothold in an urban centre go to rural areas. The result is that bulk of the rural institutions do not have even the skeleton staff and are there only in name.

The maternity and childcare services in rural areas continue to be provided by the traditional occupational groups of *Dhanuks*. Their services, being essential, are sought by all sections but their remuneration continues to be governed by the custom. Members of this caste have not gained anything in the process of modernisation of their profession. They could not get a foothold in the urban sector for want of opportunity and training where the modern system has taken over. For the same reason they have no hope to continue in their traditional profession even in rural areas after modern maternity services became universal. State programmes for the traditional *dais* are indicative of the big prejudice against traditional skills and services rendered by those outside the modern sector. For example, the average cost of a delivery in a hospital to the State exchequer may be a few hundred rupees. But the honorarium to the traditional *dai* rendering this essential service in the rural areas outside the pale of a reasonable service by the high-cost State institutions may be fixed

without any embarrassment or qualms of conscience at a low figure of, say, Rs. 2. It is no wonder that the traditional *dai* has not taken any interest in the training programmes provided as a ritual and has continued to serve from outside the modern system. Her position will become increasingly vulnerable as new facilities get extended to rural areas. The members of this low caste cannot even dream of joining their co-professionals on the other side of that great divide between the traditional and the modern.

The lowest occupational group is that of scavengers which is most disagreeable in nature and is also subjected to deepest social prejudices. This profession continues to be accorded the traditional low rating even in the modern sector including municipal establishments, private homes, public institutions and other organisations. In this case no other groups have joined this occupational category notwithstanding the fact that at least a part of their task is no longer uncongenial, cleaning being separated from scavenging and with the introduction of the waterborne system in scavenging itself. However, bulk of the work in this occupation, both in urban and rural areas, continues to be obnoxious and uncongenial. It is interesting to note that the remuneration for these jobs in the organised sector, where they are less uncongenial, is comparatively higher than that for the really uncongenial ones both in the organised and the unorganised sectors. The entry to new jobs in the organised sectors like government offices, airlines, etc., is not dependent on acquisition of any modern skills. This fact together with the continuing social prejudice has enabled these traditional groups to get the advantage of entry in the modern sector though at the lowest levels. Social prejudice amongst the decision-makers and a sense of satisfaction with comparatively better remuneration amongst the most depressed caste have together prevented their work from being valued within the accepted frame of the modern system where the uncongenial and hazardous nature of their tasks should have entitled them to much higher ranking in the occupational hierarchy in terms of pay and emoluments. This would have helped them both socially and economically. On the contrary, a new trend is emerging in the organised sector. The big establishments are assigning the work of cleaning and scavenging to contractors who are paying the workers only a fraction of what they could have claimed as direct employees. This is a big setback to this group. The social situation of these caste groups in rural areas continues to be the same. Unfortunately their economic condition is deteriorating as the rural people whom they serve are themselves hard-pressed in the new economic life.

The above description of the implication of modernisation for some of the traditional occupational groups brings into focus the role played by the caste-based dichotomy in deprivation and impoverishment of a large section of India's population belonging to the lower social groups, particularly those in rural areas. It will be useful to clearly spell out the main features of this process so that some policy issues can be formulated for intervention by the State and also action at the level of the community and

individuals.

In the beginning the small village community was organised around agriculture with peasants comprising a wide spectrum of middle caste groups. Those castes which pursued non-manual vocations based on ritual and/or learning either occupied a higher position in the social scale or were enmeshed in the middle groups. A large number of occupations based on a variety of manual skills having uncongenial working conditions and hard manual labour comprised lower castes which themselves were highly stratified. The valuation of their contribution to the economy was related to the returns from agriculture and the condition of peasants. The quantum of their share was related to their positions in the caste hierarchy and not to certain objective considerations like skill, labour input and the nature of work. There was an element of compulsion sanctified by long tradition.

In the next phase, as the focus of economic activities shifted to trade, commerce and industry in a few central locations in urban areas, a different matrix emerged in which for a variety of reasons the rural economy in general and agriculture in particular came to occupy a lower position compared to the occupations in the modern sector. Firstly, the so-called modernisation process was associated from the very beginning with geographical polarisation. Secondly, a new hierarchy of skill gradually emerged in which valuation no longer depended on place in the social hierarchy or tradition as in the village community but was based on certain objective criteria. Nevertheless, on closer examination it appears that this is not the whole truth. Many biases favouring many interest groups have got built into the new system as well. The notable examples of these biases are those favouring the educated, skills associated with capital intensive economic activities and skills shared by highly organised groups. On the other hand, the valuation of skills of the rural people, the uneducated and the unorganised has been greatly depressed in the new system compared to what would have been warranted by any objective criterion. In the new world dominated by the urban and the organised, the peasants were left to fend for themselves with the terms of trade heavily loaded against them. Consequently, the traditional occupational groups, who continued to serve the rural economy, were not only denied the benefits of new developments of their counterparts in urban areas but were further denigrated in the new dichotomous matrix.

The new skill-based economic system is completely delinked from the caste-based social hierarchy. In principle it is equally accessible to all citizens irrespective of their caste, creed and social standing. Nevertheless, in practice social standing became decisive for entry to the modern system for a variety of reasons—a fact which is hardly appreciated and rarely acknowledged. Consequently, the social dichotomy in our country appears to have been greatly accentuated in the wake of modern development and the associated structural changes notwithstanding some mobility across the boundary.

The geographical polarisation of better opportunities in the modern sector itself became a decisive factor for accessibility. Besides giving an edge to those living in or around the new urban centres, spatial mobility is not class-neutral. Firstly, it is the higher social groups which have the advantage of an extensive network of relationships with higher and more extensive linkages. Secondly, free mobility itself requires the capacity to subsist on one's own in an alien setting at least for sometime. It is only those who have a land-base in the village and generally belong to the middle and the higher social groups who can afford this. The continuing exploitation of migrant labour and extreme forms of bondages which they have to accept from their sponsors and employers are telling evidences of forced immobility of the poor. Thirdly, social cohesion and stronger family bonds amongst higher castes also enable their members to move alone in search of new opportunities. Easily breakable marital ties through divorce and desertion and socially accepted custom of remarriage of the divorced and deserted amongst the lower castes create conditions of great personal anxiety, should the male partner venture to move out alone to a distant place, which is a more feasible proposition under conditions of uncertainty. This socio-psychological factor has proved to be the most powerful inhibiting force against mobility amongst the lower castes and some other social groups as well as the Scheduled Tribes.

Even though accessibility to the new economic opportunities in the modern sector is caste-neutral, the conditions of entry in terms of education, training, financial investment capability, etc., are quite severe. In practice they have facilitated the entry of the members of the better-off sections of society belonging to higher social groups and also effectively barred the entry of the poorer sections belonging to the lower social groups. In fact, in this process the differences even amongst the higher and the middle castes—the dominant classes in the rural scene so far—have got accentuated depending on the tradition of learning in the concerned sections and the sequence in which they joined the modern sector. This had a cumulative effect not only for the individuals who were benefited but for the larger social groups to which the early starters belonged through the beneficial linkages which they provided. At the other end of the spectrum not only the members of the traditional occupational groups were denied the opportunity of entering the powerful modern system, even their position in the traditional system has deteriorated. While they face severe competition in the market economy in relation to the goods and services which they produce, the customary relationships within the rural community itself have been weakened, more arduous contractual relationships have got emphasised wherever it suits the stronger groups. These sections, therefore, are getting the worst of all the worlds.

In the modern urban setting not only did occupations get delinked from caste, the working life of the individual is also dissociated from his personal life. Income level has become an important factor in determining social position in urban areas. Consequently, caste-based inhibitions for

pursuing a variety of occupations have largely disappeared and the level of remuneration has become the primary consideration in the competition for entry to the relevant positions. This has further facilitated the mobility of higher social groups as greater opportunities in the larger and expanding occupational categories in the new system became available.

Modernisation and application of science and technology have led to significant internal differentiation in many a traditional occupation which were either disagreeable in nature or involved drudgery, particularly those followed by the most depressed sections of the population. Those parts of these occupations which became softer and agreeable as also more remunerative with the application of science and technology gradually emerged as new occupations. They are now out of reach of the members of the traditional communities for the same reason as other opportunities in the modern sector discussed earlier. The role of the traditional castes in the new setting is limited to the disagreeable jobs and drudgery, perhaps with some trickle benefits which are of little significance in comparison to the loss sustained and the great opportunities slipping by.

Even where traditional skills have not been superseded in the new economic system, their valuation has been kept very low irrespective of their intrinsic qualities and usefulness ignoring any parallel or comparison with similar occupations in the modern sector. Certain occupations like scavenging, essential even in the modern sector, have not been spared social prejudice. Their inequitable low place in the traditional system has been *ipso facto* adopted in the modern system as well without any consideration for disagreeable and arduous nature of those tasks. They have, therefore, received only marginal benefits in the modern sector which are also being denied through a variety of subterfuges. Their condition in the traditional village economic system has further deteriorated with the declining fortune of the village economy as a whole.

In many professional groups in the modern sector, even though education and training do not appear as an obstruction to upward mobility of members of the traditional groups like tailors, requirement of financial investment just for creating a facade of modernisation of their profession has come in their way. Consequently, traditional groups have been denied the benefit of new opportunities in the modern sector. Most of them have, however, received some marginal benefits in the new system, while some have gone down as they could not afford even a small investment to take the first step forward. It is only in those occupational groups like that of barbers where neither education nor investment requirements were a serious hurdle, the traditional groups got a reasonable place in the modern sector. Even in their cases their women have lost ground as traditional beauticians in the face of better trained practitioners of their trade with new gadgets supported by large investments.

The above review shows that the process of modernisation in our country has started at the top. In a way it can be said that the modern sector of our economy appeared at the top without any functional linkages

with the rest of the economy and has continued to grow to some extent even at its cost. By the very nature of this process, in the absence of any correctives, advantage has been taken by those who in the early critical phase happened to be in vantage positions, nearest to the scene of developments—in terms of new social, economic or geographical distance. The social groups in the lower middle and the lowest rungs in the hierarchy could get the benefit of these processes except as a very weak capillary effect induced by reservation in services. Members of the higher social groups who got the opportunity of acquiring new skills and education by virtue of their better economic condition not only moved out of their rural areas to take advantage of new opportunities, but also became instrumental in the phenomenon of continuing transfer of current income and capitalised value of the rural assets which they command in these areas. The incongruity between the personal law and new atomised and segmented socio-economic scene further accentuated this process. Since the burden of all these processes in the ultimate analysis falls on the weaker sections, the conditions of the lower middle and lower classes have become extremely vulnerable.

This was not all. As the modern sector grew in size and the rural areas got opened up and came under the sway of market economy, the modern sector acquired tremendous power and by the same token, members of the higher social classes gained further. The goods and services from this sector effectively competed out those produced by the members of lower and middle groups even in their home markets. Most of the traditional profession groups, therefore, have become deskilled while the modern counterparts of their professions are out of their reach primarily because of their weak economic conditions. Most of them, therefore, have become landless labourers. Some of them continued in their professions but under very unfavourable conditions. Many of them have been forced to confine themselves to the remaining parts of their occupations which continued to be uncongenial and arduous, the benefits of science and technology having been cornered by those in urban areas and the higher classes.

Thus the greatest irony in the new system is in relation to the artisan groups. These people in the early stages of social and economic formations in our country had lost their social status and become subservient to the higher social groups notwithstanding the intrinsic value and strength of their occupations. In a phase of development when advances in science and technology have raised their traditional lowly tasks to dizzy heights which should have presented these sections with unlimited new opportunities, as happened in Europe, they found that the new packet of technology transplanted in our country from outside was not only out of their reach but became instrumental in the final decimation of their age-old occupations. They were already resourceless in the inequitous oppressive frame of orthodoxy; they have been rendered skill-less in the age of enlightenment.

While the economic condition of all social classes in rural areas has deteriorated with inequitous terms of trade and the syphoning off the

rural economy through transfer of resources, visible and invisible, with the possible exception of a small group of capitalistic agriculturists operating ubiquitously, the hold of the upper and the middle sections in the rural economy has been tightened. An important contributing factor is their new found links with the centres of authority in administration as well as the political system largely based on personal and social considerations. As the village community is collapsing, the weaker sections are being left unto themselves in the new competitive system with no accepted value frame to guide and also with no worthwhile supporting system notwithstanding the Constitutional guarantees and directives to that effect. Even the legal system and courts of justice are out of their reach which are being used with impunity by the stronger sections to consolidate their hold.

Caste considerations play an important role even in the formal economic relations. For example, the terms of tenancy of a landless person belonging to the landowner's caste may be much more liberal compared to a tenant belonging to a lower caste. Similarly, the conditions of service of members of higher social groups evince much greater consideration which make their life more bearable. But when it comes to the lower social groups, particularly the Scheduled Castes, the treatment is entirely different. The conditions of tenancy may be extremely severe; the wages of the landless labourers may continue to be regulated under customary norms which, in the new context, may have lost all relevance and may have reduced their traditional wage to starvation level. In case they come together with the demand for higher wages as per the new norms, the higher social groups may also come together and retaliate. They may even dub the agitators as extremists evoking the support of the powerful administration in their favour. For example, the fight in rural Bihar today is against a wage level of one Kg. of rice per diem. The labourers are asking three Kgs. as prescribed under the law, but are prepared to accept even two Kgs. as a compromise. The spate of false cases being registered against the labourers renders them still more vulnerable since they can hardly afford the luxury of attending the police station or a judicial court. The fact that many of them may not even own a house site or may have no right of easement can be used with impunity to suppress them and force them into bondage of many descriptions.

| The legislation to protect the landless labourers is quite weak and ineffective. Agricultural labourers have been able to get their due only where they have succeeded in organising themselves as in Kerala. Nevertheless, the measure of distributive justice as a whole is under strain and is not sufficient to go round amongst those who are forced to subsist in the rural sector. Some of the weakest sections amongst them are forced to seek fortunes in urban areas swelling the ranks of destitutes in slums. Many of them are forced to join as bonded labourers under very harsh conditions in a variety of works executed by contractors who do not hesitate to seek their fortune in the misery of these wretched of the earth.

Deprivation and Development in Tribal Areas

We may now turn our attention to the conditions of the people living in remote forests and hill areas. Many of them are designated as Scheduled Tribes. Most of these people in their inaccessible habitats have been living a secluded and simple life for ages managing all their affairs by themselves. Their economy until recently was undifferentiated, every individual having the requisite skill of eking out a living from his surroundings. In their case, while the community had the command of all resources in the relevant geographical areas, they lived in harmony with nature and amongst themselves, enjoying its bounty, though struggling against many an adverse element. Even though most of these people are settled cultivators, a substantial part amongst them have continued to remain at pre-agricultural stages of economy following shifting cultivation, some of them even subsisting on hunting and food gathering. Agricultural technology amongst the settled cultivators is rather in its earlier form; it is, however, admirably adapted to their specific agro-climatic situation. These communities appear to have been caught in a niche in the path of their development with minimal change in their social and economic system over a long period.

This was the idyllic situation of the tribal people in which they have lived for thousands of years. Early state formations appear to have started even in some of the tribal areas during the medieval period resulting in some stratification among tribal communities as well. However, this did not make much difference to the common man due to his strong tradition, the self-sufficiency of the village economy and the inaccessibility of their habitat and distance from centres of formal authority. A new kind of torrential force appeared in India with the advent of the British which superseded the traditional Indian village system in the plains within a short period of time. However, this assault on the traditional system evoked tremendous resistance and retaliation from the tribal people forcing the British to review their position. They acknowledged the special situation in the tribal belt and recognised their right for self-management, having got reconciled to and satisfied with the extension of their formal suzerainty over their territory.

The later developments in tribal areas were influenced by a number of factors which cannot be discussed in detail here. Broadly two patterns of administration emerged in these areas. Firstly, some tribal areas were designated as 'excluded areas'. The tribal communities here continued to enjoy all their rights of management of land, forests, administration of justice, etc., without external interference. These areas mainly comprised the hills in the North-Eastern region. The autonomy of the village community in these areas has been preserved even after Independence under the provisions of the Sixth Schedule to the Constitution. The tribal areas in the rest of the country, some of which were designated as 'partially excluded areas', were gradually brought under the formal administrative system either directly as a part of the British territory or indirectly in

princely states. Consequently, a new situation was created in these tribal areas as the traditional community was placed in juxtaposition with a strong formal administration and a set of new laws with associated complex procedures for their implementation, adjudication, etc., got extended superseding their traditional forms. The impact of this change was not felt at all for a long time in most of the tribal areas for the simple reason that they were inaccessibly far away from the centres of authority. But its implications unfolded gradually and became increasingly severe as these areas got opened up and the tentacles of the new system reached out to their undisturbed homes in a variety of forms. The pace of change has quickened manifold after Independence in the wake of the planned effort for economic development.

The dynamics of change in the tribal areas was significantly different from that in the other rural areas in the country for a variety of reasons. Firstly, the tribal community is, more or less, egalitarian with minimal stratification. Consequently, no section of the tribal community was advanced enough to take advantage of the modern economic system at the time when its foundations were being laid in distant urban centres early in the twentieth century. Moreover, due to the inaccessibility of their habitat these communities remained outside the pale of market economy for a long time and their self-sufficient economy remained untouched by these forces. Lastly, by virtue of their egalitarian structure there are no disadvantaged sections amongst them which may have specially suffered and got pauperised under the inequitous processes of modernisation as happened with the lower castes in the rest of rural India. In their case, however, the process of deprivation took other insidious forms in which many amongst them who found themselves at vulnerable points suffered greatly.

The irony in the tribal areas is that the most critical factor in the process of their deprivation has been the modern formal system exemplified by the State itself. This was partly conscious since many adverse consequences flow from well-established policies of the State itself. It is, however, possible that their implications may not have been fully appreciated when the policies were formulated. Some consequences may be entirely unintended. Nevertheless, they may be a logical corollary of the working of the new system in the absence of its adaptations to the condition of the tribal areas and built-in mechanism to protect the simple people from its operations. Lastly, the socio-economic forces engendered in the wake of the planned economic development of the national economy have also had many adverse implications for the tribal people and led to their deprivation on many counts. It may, however, be added here that the incidence of deprivation is neither universal nor uniform. It is almost non-existent in most of the hills covered under the Sixth Schedule and insignificant even in some of the remote areas in central India. It is most severe in the vicinity of the new urban, industrial and mining centres which have been recently established and are growing at a phenomenal rate as the outposts of the modern economic system in these remote areas. The situation in

the rest of the tribal areas may be anywhere between these two ends of the deprivation spectrum.

The great fall of the tribal system began when the notional suzerainty exercised by the State over these areas for centuries got operationalised in the nineteenth and twentieth centuries and became a hard reality of life at the village level as it assumed a variety of institutional forms. First of all the traditional command of the community over natural resources within its territorial jurisdiction got questioned and was gradually superseded in the new institutional frame. For example, their forests came under purview of the Indian Forests Act. They were declared as 'reserved' or 'protected'. Thus, they became subject to the administrative control of the Forest Department, conceding merely a few rights and granting some concessions to their traditional owners. Even these rights and concessions wore out with the passage of time, making the tribal communities trespassers in their very homes—the abode of their deities, spirits and ancestors. Further, the lands outside the forests so carved out also came under the purview of the general revenue laws which again are based on the premise of State ownership of land and its prerogative to manage it. Consequently, all wastelands came under the control of the new administration, the effective command of the people being circumscribed to their *abadi* and the cultivated fields. Even here there is a sea-change in the system with the recognition of individual's rights over land in his possession and establishing a direct link between him and the State. Thus, the superior authority of the community and the clan, as the ultimate owners of land, was de-recognised. The community and the clan got alienated completely from the territory which they commanded for ages. These developments had two disastrous consequences. The first natural corollary of individual ownership of land was that one who owned the land could also alienate it voluntarily or otherwise. Thus, the simple tribal lost the warm protective shield of community ownership under which the question of alienation simply did not arise. Secondly, the ultimate desideratum of an individual's right to a piece of land was no longer embodied in the tradition and the wisdom of the community but in the formal records of the State managed by the small but mighty representative of the system, the *patwari*. Consequently, the individual in the changed situation is at the mercy of a complex system whose intricacies are beyond his comprehension and out of his reach. Thus the tribal community was shorn of its authority over its resources, dispossessed of its forests and the so-called unoccupied lands, while the individual member of the community found himself the owner of a limited area which he was not able to protect and its alienation was only a matter of time depending on his own circumstances. No wonder, in some areas the tribal communities have been completely dispossessed and rendered landless.

The traditional tribal economy in any area comprises a mix of numerous elements which are relatable to different stages of development in their history. This includes gathering, hunting, shifting cultivation and settled agriculture, pastoral and animal rearing activities. The non-agricultural

activities are usually based on extensive use of land under their command with varying intensity of tree cover and clearing. The expropriation of non-agricultural lands, particularly the forests, which provided a substantial part of their subsistence, has destabilised this delicately balanced system. The impact of this expropriation by the State on their economy and the condition of the people has been gradual. Initially the authority of the State was notional. However, as the forest officials appeared on the scene, the situation changed. They were allowed to continue their traditional practices for some time as the new system felt its way in an unknown territory where the cooperation of the people was essential. As the system gathered strength, the tribal people could use the forests only for a consideration, legal or otherwise. As the value of the forest resources was realised by the State and it became feasible to work them for augmenting the revenue, the forests were brought under more effective control. The use of the forests by tribal communities was regulated stringently and that too as a token of their rendering some services in exchange. For example, they must come for forestry work even during the busy agricultural season. They must also provide facilities to the visiting officials. The dividing line between this obligatory labour on token payment and the *begar* was rather tenuous. Since the tribal still had the option of moving out to the remoter areas outside the effective control of the administration, he had some bargaining power and he could not be forced beyond a point. Nevertheless, he was satisfied even with the meagre earnings as he was unaware of the real value of his labour or the goods which he helped to produce, and his own personal requirements were quite limited.

The second phase in this relationship began when the forests came under scientific management and the natural forests were replaced by economic plantations. This accentuated the processes of deprivation. Firstly, the base of their traditional economy in the natural forest was completely knocked out due to the change of fauna and flora. Instead he could expect some casual wage employment in the new plantations. The forestry programmes had to be organised on an economic scale which required a large labour force in a given area but for a limited period. It was not possible to meet this requirement locally because the population in these areas was sparse and they could spare only limited time from their normal agricultural work. Therefore, outside labour was introduced for economic plantations. They worked for a while in plantation but were lured by the prospect of acquiring a foothold in the extensive land with unsuspecting simple people who had tenuous control over it as discussed above. It is not necessary to go into details of these developments at this stage. But what followed was predictable. Extensive alienation of tribal lands ensued through deceit and force, actively abetted and even contrived by the puny representatives of the mighty system. The deprivation of tribal people in relation to their forest resources was full and complete as the tenuous link between the community and the forests got finally snapped with the introduction of corporate management of forests on commercial lines. The new organisations

of Forest Corporations appeared on the scene not only as business managers but their employees have been even clothed with police powers, traditionally exercised by the forest officials—an unholy combination reminiscent of the Company days of early British rule in India.

The destabilisation of the tribal economy described above was greatly accentuated by slimy and motivated interference, which was apparently innocuous and even righteous, by the new administration in an important aspect of their personal and social life, viz., drinking. Even the mighty power of the British found it difficult to subjugate the tribal people and the tribal areas continued to be the scene of incessant revolts and rebellions even as the British consolidated their authority elsewhere. The process is not yet over. The new administration of the British also required a number of new tasks to be excuted like the construction of roads, buildings and other public works. The untamed tribal was not interested in any wage employment at any price. Where money failed, liquor worked. He was lured to work by the offer of a delicious intoxicating drink. Drinking was not new to them; it is a part of their life but as a harmonious blend in their personal and social milieu. They brew their own drinks using the available material like *mahua* and rice as the base, enjoy it with friends and relations, on occasions festive and religious. The overall constraints and restraints are imposed by competing claims on the brewing base, the watchful eye of his responsible mate and the self-managing system of the community itself. But the shrewd alien could see through their ways. He concluded that this could also be used as a soft spot for entering the system and destabilising and disrupting it. Taking advantage of their weakness for the pot, exotic drinks were introduced and commercial vending of liquor was started. It proved to be the thin end of the wedge in their happy life. Liquor outside the system led to indulgence unrestricted and unrestrained by individuals or in assorted groups, as it could be had just for the asking without ready cash or commodity for exchange. For the vendor knew he was an honest person, had a sense of honour and was also the owner of some land. This was not an innocent trade since the State became interested in maximising its earnings unmindful of the consequences for the people. Regulations followed prohibiting preparation of drinks at home and even stocking of *mauha* notwithstanding the fact that *mahua* was a part of their own food as also their cattle's feed. Every tribal was transformed from a law-abiding citizen to a habitual law-breaker. Persecution and extortion by the petty official was thus institutionalised. Unprecedented exploitation by the system through the shop has continued ever since even after Independence through prosecutions for their innocent indulgences sanctified by their custom, forced and induced sales of liquor, under the shadow of musclemen, forced recoveries through distress sale of their produce and property. This cancer continues to debilitate the system notwithstanding some amends in recent years through reluctant concessions to allow them to brew their traditional drinks and discontinuance of commercial vending of liquor in some parts.

We may go back to the idyllic situation of the small communities to appreciate another form of subtle expropriation and deprivation. Most of the habitations in the tribal areas in the beginning were ethnically homogeneous. Some community organisation or the chief with the help of the elders managed all their economic, social and political affairs. Contact with other groups was minimal but not unknown. A person from outside, not belonging to their group could settle in the village with the permission of the Village Council or the clan chief. In the context of plentiful resources and their limited needs this did not create a problem. Such migrants got assimilated in the system though perhaps as a distinct group but subject to the authority of the dominant clans. A new category of migrant groups appeared in the tribal areas, particularly in central India, with the early political formations and consolidation of authority by indigenous rulers who wished to introduce advanced agriculture, education and also management of other natural resources which involved some trade as well. In some cases some forms of *zamindari*, though without interfering with the authority of the Village Councils, were also introduced. The new migrants comprising *zamindars*, traders and contractors were different from earlier migrants in one crucial way—they had strong links with the higher centres of authority in the State. Nevertheless, even they could not defy the strong traditional tribal authorities, if for no other reason than one of logistics. An outsider as an individual in a remote inaccessible area was just an individual who had to live in harmony with people and honour their ways.

Thus, there was a qualitative change in the situation, yet in practice the community did not feel much difference as the operations of the new system did not affect their own economy in a significant way. For example, when for the first time the rich *sal* forest was exploited for supplying sleepers to the Railways, he could not care less as the availability of the forest produce to meet his small requirements was not jeopardised. Working in the forest was still a fun to him which gave him something in return as well. But as discussed above, his economy got destabilised when the hold of the State on forest and land resources got further tightened. Similarly commercialisation of liquor introduced another alien element which completely disrupted the balance of his family economy. These two forces together created the most propitious opportunity for those in authority and the moneyed to consolidate their hold. He needed temporary accommodation to meet the new deficit and fulfil his personal requirements which was readily provided. But it was no longer a transaction within the community governed by their tradition of reciprocity. This was a new deal hitherto unknown with persons belonging to a different system which had the sanction and support of the powerful State whose intricacies he did not know. Even a petty advance grew at a phenomenal rate and became a big drain on the fruits of his labour. He was forced to sell his agricultural and minor forest produce in an unfamiliar market to discharge those liabilities. The manipulation of figures ensured that the liability of even a small loan was never fully discharged. With the growing

imbalance of his family economy he was forced to give away even the source of his living, i.e. his ancestral fields, one by one, in favour of the *zamindar* and the money-lender. He had to get reconciled with the lot of a tenant at will on his own land. Finally, many of them could not continue even at this level and were forced to accept the security of bondage for one-self, one's wife and even one's children just for a bare subhuman living. The process of exploitation reached a final stage where the individual was not even a master of his own self.

This is the way the poor everywhere must have lost their command over land resources. We have seen earlier how in the rest of village India the process of deprivation is affecting the poorer sections particularly the socially depressed classes. But there is a significant difference between the two situations. Deprivation and destitution in the rest of the country were not new, some social classes having been forced to subhuman conditions some thousands of years back. Consequently, the new spurt to deprivation in the wake of modernisation of the national economy has merely accentuated the existing social dualism. In the tribal areas, on the other hand, the deprivation process is a traumatic experience to the community which had never known it earlier. Secondly, in the new bipolar economy of the tribal areas the non-tribal migrant groups alone comprised the affluent pole while the processes of deprivation are forcing the tribal communities increasingly towards the other pole. The affluent section has strong links with the modern sectors of the national economy including the new administrative, economic, legal and political institutions. In fact, this group is functioning like an outpost of the new system in the backward areas. It is outside the pale of influence of the traditional village authority which finds itself completely helpless before the new power elite.

The various forms of subtle deprivation discussed earlier, which are ravaging the poorer people everywhere and benefiting the organised and the urban, are operating in the tribal areas with equal if not greater severity. But the tribal areas are being subjected to many other forms of deprivation taking advantage of the ignorance of the people. For example, the tribal may be persuaded, deceived or even forced to part with valuable trees standing on his land just for a song; he may be deprived of his land in a similar manner. He may be hauled up for technical infringement of rules and laws as, for example, when he brings a piece of wood for making his plough or making his hut. If he retaliates against an injury to his person property or honour, he may find himself locked up in the nearby police station and dragged to a distant court of law where he may have to pay heavily for every step in that complex web from which he does not know the way out. He finds himself alone in the face of a strong system including those who are charged with the responsibility of protecting his rights and his advancement.

We have seen earlier that many processes engendered in the wake of planned economic development itself have accentuated the dichotomous character of our society and deepened the deprivation of the poorer

sections at the other end. While this observation is true for tribal areas also, in their case a crucial new dimension is added by virtue of their simple socio-economic conditions—which has had serious implications for them. Firstly, many programmes evolved for advanced areas are extended to tribal areas without due considerations of their suitability for their conditions. Although it may not affect directly the economy of the tribal as such, the expenditure on these programmes is wasteful. Further, the real problem begins when a developmental programme involves some financial liability on the part of the tribal in respect of a work which may be executed for him by some agency, for inputs supplied to the individual beneficiaries, for a loan given in cash or kind for any purpose whatsoever by any institution. Very often the tribal may not be aware of the nature of the liability though he may have put his thumb impression on a piece of paper without understanding the stipulated conditions. If a programme fails for any reason or does not yield the desired results, there is no one to help him, his liability is unequivocal and he may be forced to repay or face legal consequences. Moreover, our administrative system is becoming increasingly complex in response to the growing sophistication and specialisation in the national economy. The result is that a number of institutions may be involved at different stages of implementation of even a simple programme. In this frame, if anyone of the numerous partners involved in a programme defaults for any reason whatsoever, the brunt in the ultimate analysis has to be borne by the individual since each institution can rationalise and defend its position. Moreover, there is no simple remedy available to the tribal in such cases.

In the above discussion it is presumed that there is no malafide on the part of any institution or individual associated with numerous dealings and transactions. Unfortunately in all money transactions which involve execution of a variety of documents the tribal is at a terrible disadvantage since he is not yet experienced in handling money or understanding the nature of various transactions. This situation is accentuated by the fact that the tribal areas have continued to have indifferent administration and in many a case they are treated as punishment postings. Therefore, the quality of personnel is not equal to the task which is expected in a massive programme of social and economic transformation in tribal areas as a part of the national developmental thrust. Misuse of the system by petty officials is the order of the day which ultimately falls heavily on the tribal economy. A person taking a loan for a development programme like the construction of well or improvement of his land may find that his liability for repayment, real or spurious, has grown beyond his means. In this process he may even lose the land which he may have planned to develop. Such examples of malfunctioning of the system can be multiplied indefinitely. Here is a severe backlash of development for the simple tribal which becomes hard to avoid and he naturally wishes to be left alone.

But he cannot be left alone. These remote regions, which have remained on the fringe of the economic system for ages after the rise of

agricultural civilisation, are being drawn to its centre in the new industrial world. The new economy requires the energy locked in the running streams, the minerals hidden in the rugged hills, and the countless products of their natural forests. Development of agriculture itself depends on the harnessing of irrigational potential by impounding water in their deep and extensive valleys and the release of its hidden energy. But their lands are, by and large, marginal for agriculture, the only occupation for which the people have the required skills. These lands are getting further marginalised as the new technology has nothing to offer for the upland agriculture, except the backlash of development on agriculture elsewhere. Thus, the linear continuum of the national resource potential with negligible resources in the hills and the richest in the alluvial plains has become circular as its two ends, comprising primitive agriculture and modern industry respectively, meet in the tribal areas. Since agriculture itself has been pushed to a subordinate position in the national economy, the relative position of resource regions in the country has got reversed. The rich Gangetic plains of north Bihar are now backward and the unknown hills of Chhotanagpur are humming with economic activity with a great industrial belt as its central spine.

But this new centre has no use for the man who lived in those hills and forests for ages. He does not have even the elementary skills which are needed by the new system. The new world cannot wait for him for we are in a hurry. He can have no other claims in the system for the natural resources belong to the nation. He stands dispossessed and disinherited.

The intensity and extent of deprivation along new arteries of communication and around growing urban centres are very acute. In these cases the tribal people are being gradually pushed back by the stronger groups who are moving into the areas in the wake of development.

The establishment of big projects, industrial and mining and even irrigation, has proved to be catastrophic for the tribal economy. Their lands are acquired for which money compensation may be paid, not infrequently, with considerable time lag. Money compensation has no meaning as they are not used to handling large sums. Such money may be frittered away or the tribal may be swindled leaving nothing with him. Consequently, the proud owner of the land on which a flourishing township may exist could be found driving a rickshaw with his back bent and his spirit gone. Many of the displaced tribals may not be able to prefer the claim since their 'ownership' may not have been recorded in the papers of the State. The fact that the tribal draws a substantial part of his subsistence from the unoccupied land and the forests around goes unnoticed evincing no claims for alternative living. His economy is completely shattered. In the face of such adverse forces he prefers to withdraw to the deep recesses of the forest, if possible. Having no alternative he may be forced to crawl into the substratum of the new world and eke out a living at sub-human level. Thus, the powerful forces engendered in these new centres of modern economy sweep the surrounding areas forcing the original inhabitants in a wider circle to recede or to submit as a new wave of new migrants

gradually spreads out. As the community gets disorganised, the individual is completely helpless and is reconciled to his fate to lead the life of a destitute. Moreover, he does not have skills to occupy even the lowest positions and the new economy which grows around is also alien to him. Thus the first shock is devastating and the system blissfully continues to create poverty and destitution where none existed earlier.

The biggest damage to the tribal system has been caused by the lack of appreciation of their condition. A different stage of their economy and a different life style are taken to be symbols of poverty. When they show no interest in petty jobs of casual wage employment offered to them, after their lands have been taken away, they are dubbed as lazy and happy-go-lucky types at the best. Their side of the story of deprivation remains unheard and unappreciated.

SECTION II

PERSPECTIVES

Defining National Parameters

CHAPTER 7

We have reviewed in the earlier part that the contemporary national situation in which poverty is persistent is deteriorating and the disparities are getting accentuated notwithstanding the commendable achievements in economic development. There are three aspects of the national economic system which are relevant for the poverty issue, viz., the overall production, the distribution-matrix and the processes of deprivation. If we analyse the social, political, administrative, economic, institutional and structural factors responsible for the persistent inequitous situation, it is clear that some of the elements are embedded in our historical situation which has to be tackled within our own national context. On the other hand, some other elements are products of the global politico-economic situation intrinsic to modernisation and progress. Since some of the premises relevant to the Western economy like the role and place of industrial and urban sectors in the national economy are taken for granted generally without critical examination, the value-frame and the direction of change relevant to the Western context are also accepted as a matter of course and as a corollary of the main premises rather than as a conscious choice. Consequently, the dissonance between the ideal and the real is taken as a transitional problem inherent in the process of structural transformation which the society is undergoing. Since the resultant situation is favourable to the vested interests, which include decision-making levels, these premises are not even critically examined. The first crucial question before us, therefore, is to make these premises explicit and examine whether the basic parameters of our national economy derived from these premises are consistent with our egalitarian goals and whether these can be relied upon for eradication of poverty from the national life.

A Classification of Nations of the World

The present phase of structural transformation of the global economy began some three hundred years ago with the industrial revolution in Britain. Many other European countries joined the new wave within a short time. So far as the pre-industrial economic frame is concerned the Indian economy of this period was quite advanced in the global economic order. However, there was one basic difference in the ethos of Europe compared to that of India. Europe was coming out of the mist of dark ages. The new

spirit of inquiry was enlightening the people and the Age of Faith was giving way to the Age of Reason. The people were acquiring a new confidence in themselves as their leaders in science were unravelling the mysteries of nature and harnessing its power in the service of man. A proud academician declared—‘Give me a place to stand, and I will move the Earth’.

The Earth had been moved though nobody had realised at that time, when the first little light was kindled by innocent questions of the inquisitive man. Indian sages had accepted reason and experimental verification as the guiding principles for thousands of years which kept the light of inquiry burning, and burning brightly, in our country until the middle ages. They struck new paths, assimilated new ideas without hesitation and with gratitude and recreated a richer synthesis as they moved on. But that blaze gradually burnt out as Indian scholars got insulated from outside and isolated even within after hordes from the Central and West Asia overran the country, destabilised its polity and formed a thick impregnable crust which made free flow of knowledge impossible. It was an irony of history that when emissaries of European civilisation roved the new wide world with a gun and the Book in their hands, the leaders of New Age back home were spreading the great message of reason and enlightenment. Not only the unique opportunity to share that exhilarating experience was missed by Indian scholars, whose response would have been fabulous as always in the past, but the rapacious colonial rule finally extinguished the great tradition and made indigenous learning irrelevant in the new vitiated context. The real bridges in the realm of ideas and concepts still remain to be built even after Independence, as we will discuss later.

While the spirit of enquiry was lost in India, the European nations used the new found power to acquire command over new territories. The capitalist economic structure coupled with their colonial powers helped them in building up of huge assets at a phenomenal rate in the very initial stages of their structural transformation. They continued to grow drawing upon the surpluses exacted from the underdeveloped subject nations. They unburdened their excess population and unwanted poor on the new found lands. The initial push and subsequent growth have helped these early starters to keep themselves in the highest orbit even after direct appropriation of resources ceased as the earlier colonial links were snapped. These countries are continually deepening their capital base to keep up the continually rising per capita productivity in the highly competitive world of the developed countries themselves, while the less agreeable labour-intensive, elementary skill-based and unprofitable activities are being transferred to the developing countries.

The European powers succeeded in subjugating the entire American, African and Australian countries and also the South Asian countries. In North America and Australia the bulk of the indigenous population was exterminated and foundations of new white nations of European origin were laid. The African continent was not congenial for European settlements. Therefore, it was used largely first for capturing slaves who could

work on their newly acquired large estates and then for exploitation of natural resources. The situation in the populous South Asian countries, particularly India, which were advanced both economically and culturally, was different. They were initially exploited to provide for the needed resources for building up the home economies. In the second phase they were forcibly converted into exclusive markets for the mass products of the new industrial establishments.

While the process of structural transformation supported by the gains of appropriation abroad was continuing in Europe, the United States, Canada, Australia, New Zealand and also the USSR have emerged as the second wave advanced countries with a different economic history and resource matrix. These countries have extensive lands and rich natural resources with comparatively smaller populations. The new continents first played a supporting role in relation to the home economies. But the people moving out to these continents gradually took advantage of the new technological advances in their home countries and the rich resources in their new homes and started moving independently on their own. The economies of this group of countries with huge resource base and comparatively small population are intrinsically much stronger compared to those in the first group which have a serious constraint of natural resources within their own national boundaries. Even though the interests of the developed countries in the above two categories are different, their mutual relationships are qualitatively different from those with the other developing countries. The two groups act almost like a block so far as the world economic order is concerned.

**A Classification of National Economies according to the
Manpower-Natural Resources Matrix and Stage of Developments**

Category	Stage	Manpower-Natural Resources Matrix	Countries
First	Developed- Pioneers	Large population and limited resources	U.K., France, Germany Japan
Second	Developed- Second Wave	Smaller population and extensive resources	U.S.A., Canada, U.S.S.R. Australia
Third	Satellite	Un-uniform	Hongkong, Singapore, Gibraltar, Phillipines, Panama
Fourth	Developing	Smaller population and plentiful resources	Brazil, Argentina, Ghana, Nigeria
Fifth	Developing	Large population and limited resources	India, Pakistan, China, Kampuchea, Bangladesh, Indonesia

The story of Japanese breakthrough is somewhat different and their experience a mixed one. Japan started as an imperialist power and decided to emulate technological advances in the West. There was a serious setback after its defeat in the Second World War. Japan temporarily accepted for itself a satellite relationship with American economy but in return took full advantage of the big market. It has now reached the top bracket in the community of developed nations. Thus, Japan which successfully moved out of the brief spell of satellite status may properly be grouped with advanced countries of the first category.

Many other smaller countries in the world are trying to cross the great dividing line in the global economy between the developed and the developing nations and join the ranks of the former group. They are adapting their own economic structures to the needs of the advanced nations as suppliers of raw materials and producers of commodities with higher labour-inputs, by serving as trade centres and even by building up the dubious image of a holiday resort. As closer links are established with other advanced nations, they virtually become a part of the larger economic system but with a clear understanding that they will continue to play a subservient satellite role. This arrangement has benefited both partners. The resource-rich nations need larger manpower which they can effectively command through this arrangement without burdening their own territory with unwanted additional population. The anxious development enthusiasts find that they can make an easy choice and partake in the prosperity of advanced nations by adapting their system even though it might compromise the principle of economic self-determination.

Such relationships can be admirably worked out if the aspiring nation is comparatively small. Such nations can afford to mould their economies to suit the requirements of the bigger nations particularly when they realise that, in any case, autonomy and self-sufficiency are not feasible goals for a country of their size in the new world economic order. Their position is just like that of a port town, a coffee-estate, an industrial complex or a group of people engaged in tertiary activities including entertainment industry in a big nation. Their economic condition in the final analysis, however, depends on the inherent strength of other sectors of the national economy. Even though the number of countries which may move up in this style may become quite impressive, the overall impact of this process on the global economy will be inconsequential since the total population of the countries in this category cannot be very large. Their experience of economic development is irrelevant to most of the developing countries whose problems we will be discussing presently.

The developing countries, other than the satellite ones, can be broadly divided into two groups, viz., (i) countries having a favourable land-man ratio as many of those in Africa and South America, and (ii) countries with unfavourable land-man ratio like those in Asia which are experiencing tremendous pressure of population and have a comparatively smaller per capita resource base. These two groups may be considered to comprise the

fourth and the fifth categories of nations in the world. The resource matrix of the developing countries in the fourth category may not be as favourable as in some of the second category advanced nations, yet they can generally adopt a policy of capital intensive development and follow their example. The basic issues in their case are how to enable the people to acquire necessary skills and how to build up their physical capital to utilise the dormant natural resources. For example, they can plan for developing their primary sector using highly mechanised labour-extensive agricultural practices. In this model a relatively small rural sector can support much bigger secondary and tertiary sectors like many of the advanced countries with similar resource matrices. But such a model will not be feasible for countries like India and China in the second group of developing economies. These fifth category nations, by virtue of their man-land ratios, are bound to retain a large primary sector for a long time to come. The major issue in their case is to harmonise the high technology and the capital intensive activities in certain core sectors of their economies within the larger labour surplus national matrix the bulk of which is accounted for by the rural sector with traditional agriculture and village industries and an outsized tertiary sector.

Perspective for Developing Nations

The present conditions in these developing countries differ considerably from the conditions in the developed countries at the corresponding stage of their development. The developing countries, no doubt, have a big advantage insofar as they can avail of the great advances in science, technology and organisational forms which have gradually developed over a long period. But, by the same token, they are now facing a serious challenge from the developed countries which are far ahead in the race and are continuing to maintain their stranglehold on the economies of the developing nations through a highly biased and inequitable international economic order. Moreover, the socio-economic structure of the developing countries is not internally consistent and balanced. It is under severe strain not only because there is a widely varying and selective accrual of benefits of the new changes by different sectors but also because of the backlash of development on many others. These countries are facing the problem of population explosion, a situation comparable to that in the earlier phases of development in the advanced countries. But the developed countries had the advantage of an open frontier in the New World and of the colonial stranglehold on the Old. Now national boundaries have become impregnable permitting only highly selective movements of population. The situation in the countries of the fifth category on various counts, therefore, is incomparable with that in any nations of the world belonging to the other four categories not only in the present context but also in relation to any earlier period in the history of their development.

One thing is clear that these developing countries cannot afford to adopt widely varying norms for a long time for different sectors of their

economies which may allow the urban and the modern to emulate the advanced countries while the traditional sectors are forced to be content with what is possible within the residual. This means that they have to give high priority not only to the issue of equitable distribution but also make conscious choice about appropriate technologies for different sectors and subsectors of their economies. They may have to accept widely different levels of sophistication and large variations in capital as well as labour intensities. Moreover, the relative entitlements of all citizens in the country will have to be determined in an overall national frame in which the motto of economic growth with social justice is adopted as the guiding principle in its true spirit.

This crucial issue will need further elaboration. In fact, there are two basic questions about those in the organised and the urban sectors which must be first resolved at the conceptual level. The members of the organised sector are located at vantage positions where the national economy is receiving and adopting new technology which is yielding large additives. These gains are being retained by a small group. This usurpation is being given an aura of legitimacy ignoring the facts that their locations are merely a matter of chance and their roles instrumental. What is worse, the needed adaptation, which can make the additives due to science and technology more broad-based, is not claiming due attention. The rest of the economy, therefore, is not only being denied the possible benefits of new science and technology, but is facing a keener competition from the organised sector making its position still more vulnerable.

The modern sector in the developing countries is tending to become an outpost and extension of the economies of the advanced countries in more ways than one. It has become instrumental in the operations of the inequitable global economic order in favour of the advanced countries notwithstanding the formal protestations since they themselves become beneficiaries of that process even though the nation as a whole loses. We have already seen how the members of these sectors within the national economy are able to feather their own nests while the unorganised and the rural are subjected to a variety of powerful forces of deprivation. The most pernicious tendency is to emulate the softer choices available to the smaller countries in the third category which are prepared to accept a satellite role. This is because the organised sector itself, in the context of dualistic economic structure in these countries, tends to acquire and accept a relationship with the advanced countries similar to that of the satellite nations and they purposely see no harm in following similar policies. For example, export promotion may be pursued vigorously even at the cost of domestic market and valuable foreign exchange may be frittered away on import of luxury items. Since the sinews of power are controlled by the vested interest groups, the logic of the entire situation is hardly appreciated. The vested interests help to camouflage the real relationships. There is an atmosphere of expectancy and fond but vain hope that if the processes of development benefit any segment in the nation, a small part of that gain may

finally reach the poorest sections of the community as well. Meanwhile, the wide gulf in the dualistic economy continues to deepen.

So long as the beneficiary groups in the satellite economies comprising the modern sector are small, the contradictions do not become sharp. During this phase the benefits accruing to them due to their special position can be shared internally without becoming a heavy burden on the nation as a whole. However, as this group spreads its canvas and becomes larger, the real nature of its gains becomes clearer. As the gains arising from higher technological inputs, even after they are retained exclusively by them, and the ordinary levies of State on other sectors of economy together prove inadequate to support the members of this group and their life-style, they seek new avenues to augment their gains in sheer self-interest. In that effort this group becomes a partner of advanced countries in the global expropriation processes acting as their dependable satellite ally. It also tightens its stranglehold on the national economy accentuating the processes of deprivation within. It is unfortunate that growth in the narrow perspective of the elite gets associated with the processes of deprivation and transfer of resources in favour of the advanced countries in the global frame and from the weaker sections to the stronger groups in the national frame. Consequently, elitist strategy of development in association with advanced countries is highly biased and misses the basic issues of development in these countries.

It is, thus, clear that the model of development of countries in the fifth category, with adverse man-land ratio, will have to be based firmly and unequivocally on their respective national parameters. An important prerequisite for such a model being evolved is a clear policy decision to the effect that no part of the nation will be allowed to cultivate satellite relationship with the advanced countries which may create an impression of prosperity in certain pockets ignoring the basic issues and losing valuable time by chasing wild geese during that phase of confused priorities. The process of growth must start with the poorest sections at the base and then grow and reach the better off sections of the society. This can happen only if the parasitical relationships between different sectors are snapped and every sector of economy is required to grow on the basis of its intrinsic strength.

Consumption Limits

The above analysis brings into focus the fact that ironically while the world is becoming increasingly small with the advances in science and technology, yet, with the freezing of national boundaries, the people now stand sharply divided. The secular trend appears to favour increasing fragmentation as no group however small, which has acquired a separate identity as a nation, is prepared to make any concessions. One of the important reasons for this attitude is economic. The members of each group are anxious to guard the resources within their respective territories zealously so that they can take full advantage of the new advances in science and technology and enjoy the

benefits of development exclusively besides whatever benefits may come their way from international cooperation. The free movement of people from one territory to another which was possible in the world just until three centuries back is not conceivable in the foreseeable future. But the national boundaries are getting erased so far as ideas and life-styles are concerned. Thus, an impression is being created as if all the peoples in the world are moving in the same direction and can reach the same destination. In the face of frozen frontiers, the harsh reality is just the opposite. The inevitable conclusion of this situation for the future of nations in the world is that the economic parameters for each nation-state will be uniquely determined with reference to its natural resources, size of population, general level of technology, skill endowment of the people and their concept of the quality of life. This is a bitter truth which is being purposely ignored everywhere, particularly in the non-communist countries, since it goes against the immediate interests of the classes to which the policy makers belong. Unless this realisation comes, the parameters of development in a national economy cannot be rationally determined.

(i) Ecological Constraint

We may begin with the consideration of natural resources. With the phenomenal growth of human population, natural resources can no longer be taken as unlimited. Moreover, ecology has emerged as a serious constraint to the utilisation of these resources for satisfying human wants. Besides, there is a moral issue as well. Earth belongs to all forms of life and not to man alone. Even within the limited man-centred frame there is a generational obligation. Ecology is a trust with the present generation to be handed over to the next. There are innumerable organisms including the man woven in a variety of delicately balanced chains and webs which cannot be disrupted without jeopardising the very survival of man. A stage has come where the question of sustainable intensities of exploitation of natural resources regionally, nationally and globally must be decided urgently in unequivocal terms.

In the first instance, the confusion which has been created about the style and goals of development by the prevailing consumption standards in the advanced countries should be clear. The early starters who set the pace have accepted an unstated premise of unlimited resource base. Consequently, they have also envisaged an unending process of economic development. This was true for some time and that too within the limited frame of a small bunch of countries which had at their command almost all the global resources. The same milieu continued as the second wave countries started with the double advantage of extensive resources within their own territories and higher technology developed by the first group. This spree continued unabated until most of the Third World countries became independent after the Second World War and became concerned about optimal utilisation of their resources and long term needs of their own economies. This has made the advanced countries somewhat cautious

but the overall trend continues since they have been able to forge a new form of dependency relationship with the Third World countries notwithstanding their political independence. The differences between the advanced countries and the developing countries on account of effective command of the former over natural resources directly and indirectly are, therefore, growing. However, even if the piracy of resources by the advanced countries through dependency relationship ceases, it may make a significant difference only to some of the developing countries in the fourth category, in whose case the relative size of such expropriations in the national economies is very large. The situation in the fifth category countries in Asia is different because of a relatively small size of their exploits notwithstanding the absolute draft on their economies being quite large. Even after this draft ceases, their resource-population matrix will continue to be quite unfavourable.

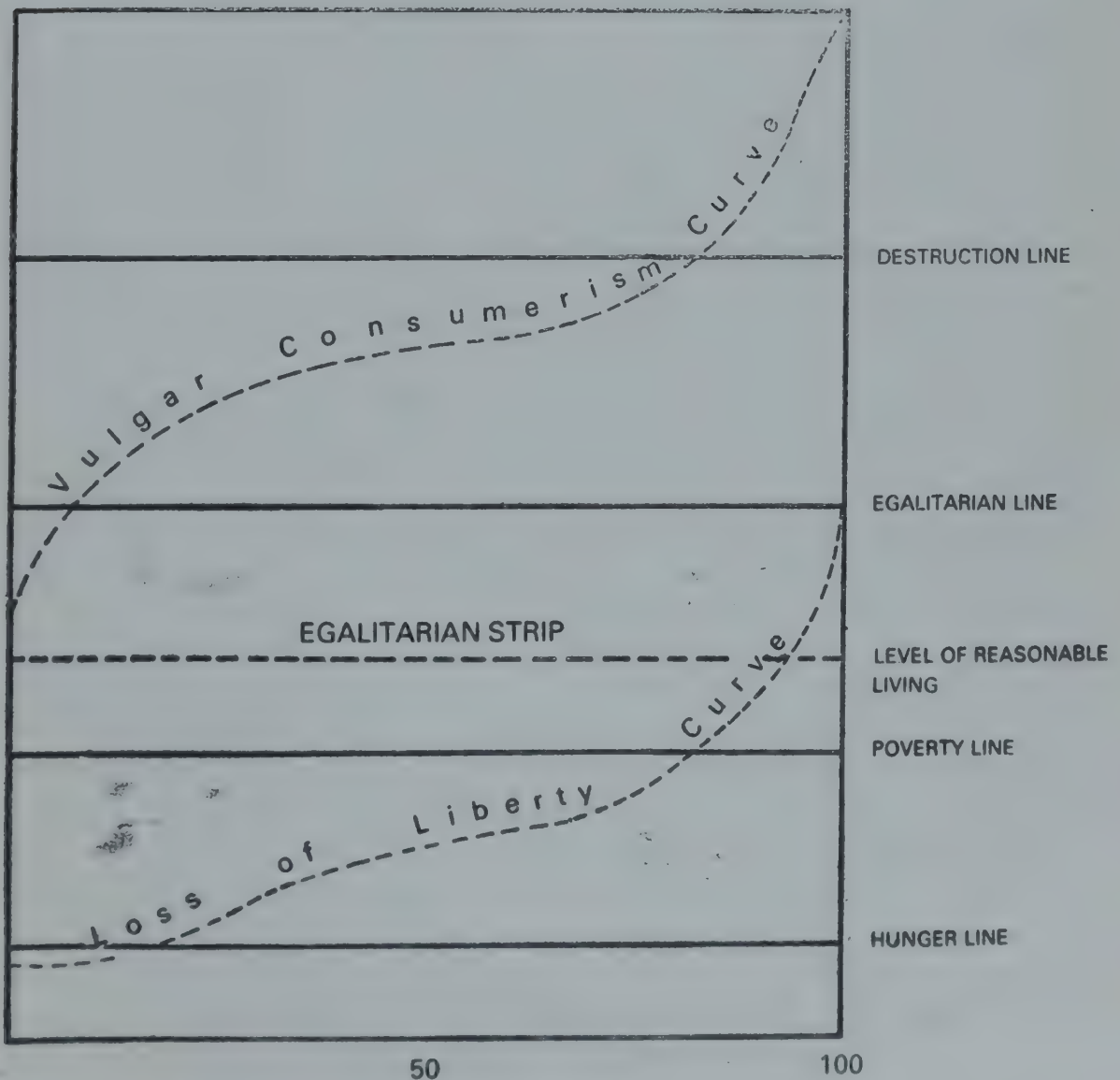
But the greatest hope of mankind is the continuing advances in science and technologies. It can be argued that the differences due to unequal natural resource endowment amongst the countries of the world can be greatly narrowed down by cultivation of superior skills amongst the people in countries with limited resources. This has been accomplished by Japan even in Asia besides many countries in Europe. We have seen earlier that the scope of this type of structural transformation which is taking place in the third category countries is rather limited and cannot be extended to populous countries in the fifth category. Moreover, even in relation to building up of high level skills amongst the people on a large scale, the advanced countries have the great advantage of being first in the row. They have already built up huge stocks of physical capital and also human skills. The acquisition of technical skill is now highly capital-intensive requiring prolonged training and apprenticeship. This can be possible only if the production base in the economy is high and large sections of population can be supported for a longer time to enable them to acquire necessary skills. Consequently, it is the advanced countries which are in a better position to build a superior manpower-base for themselves. Thus, the inequality in terms of the general skill endowment between the advanced and the developing countries will continue and is likely to grow in the near future unless some socio-psychological factors intervene and the pace of skill build-up in the advanced countries slows down significantly. Such an eventuality cannot be taken into account while deciding about the structure of economy in the developing countries.

Another possibility for reducing the differentials between the advanced and the developing countries is a drastic change in the relative valuation of people's skills. This has already happened in the advanced countries where manual jobs have acquired parity and in some cases have risen even to higher levels compared to skilled jobs with low manual labour input. Similarly a parity between agricultural and industrial sectors is being consciously maintained rather than leaving their relativities to be determined by market forces. High prices of handloom products compared

to mass produced goods are also a pointer in the same direction. Nevertheless, while the new relative valuation of skills within the national economies may be indicative of certain basic structural adjustments within the country, the higher prices which the artifacts from developing countries sometimes command in the developed world are rooted in the elite's psychological needs of having something distinctive, unique and unusual. The normal linkages between the advanced and the developing countries are exploitative and the basic equations are greatly inequitable and heavily loaded against the developing countries. In fact, these inequitable relationships are basic to the present day international economic order which will have to be drastically changed if these equations are to be corrected. It is doubtful whether the advanced countries which command economic power will voluntarily relinquish it. On the contrary, they are consolidating their hold on the economy in the developing countries through the emerging elites within those countries whose sectional interests have more in common with the interests of the advanced countries than with those of their own. They are at best indifferent. Consequently, before the developing nations press for the establishment of an equitable world order, they must accept the same principles for their own national economic order not only in word but in the real spirit. Thus, the present trend of growing disparity in the levels of consumption between the advanced and the developing countries with highly disproportionate command over natural resources, wide variations in their capital stock and human skills, cannot be expected to be reversed in the near future.

The basic question, therefore, before us is whether the life-style of the advanced countries can be emulated by the people in the Third World and can be accepted as a model for the world economy in the coming years. It may be conceded that the ecologically viable production potential of the global resources has not been fully developed as yet and it should be possible to sustain comparatively higher per capita consumption level in the world than what obtains at the moment. But this cannot take us very far in the context of the present day world economic order. The analysis of the global economic situation with reference to emerging ecological constraints brings into focus the narrow frame of alternative choices before mankind. The order of ecologically viable global production potential is now better known. It is also clear that the potential is not large enough to sustain the current consumption levels prevalent in the advanced countries even for a long time, not to speak of extending it to a larger section of human population. The general belief that science and technology will be able to provide the needed answer at the right time is supported by the spectacular results ever since the scientific revolution in the 17th century. Moreover, the continued unwise use of natural resources has led to the emergence of real ecological constraints. There is no ground for expecting a new breakthrough in science which may provide a qualitatively different technological frame so as to enable mankind to use natural resources with greater intensity without causing ecological hazards. Consequently, if the life-style of the advanced

countries with high per capita consumption of physical goods is accepted for the world economy as a whole, it cannot be achieved without violating the ecological viability norms jeopardising the global natural resource base self. On the other hand, the current levels of consumption in the advanced countries can continue for some more time only if the inequitous base of the world economic order is accepted as legitimate by the world community. Some principles like the exclusive right of a people to the resources within the territorial jurisdiction of the nation-state, even though inequitous both in historical perspective and the global human context, are not questioned and are even accepted as sacrosanct, perhaps as a price for peace and political stability. Nevertheless, the prevalence of high level of consumption of physical goods in any part of the world is indicative of the fact that either the ecological constraints have been violated or the social equity norms have been transgressed. Even though the current high



Schematic Presentation of the Economic Scene in a Developing Country

Note: The Vulgar Consumerism and Loss-of-Liberty Curves represent the proportion of the people in those categories according to their economic status

consumption levels in the advanced countries may not have become ecologically hazardous in their limited context, they undoubtedly represent serious transgression of the social equity norms which can be expected in a just world economic order.

The socio-ecological dilemma becomes clearer when we move to the national scene. In most of the nation-states, in principle, all citizens are accepted as equal, and exclusive rights of individuals or any section of the population on the natural resources of the country are not recognised. The concept of private property is an exception which continues to be under severe attack and is subjected to a number of limitations, depending on the social milieu in a nation. Similarly, there is no place for a dichotomous social structure in a modern nation like the one based on caste system which prevailed in India with severity until very recent times, or based on race as in South Africa. If we accept this socio-political frame for the national economy, the highest and the lowest consumption levels in the country must not differ violently from the general level of consumption therein. Since the natural resource endowment of different countries in the world is widely different, the ecologically viable production potential for each country will also be very different. The ecologically viable production potential of a country in its turn will determine the maximum attainable per capita consumption level in that country. Thus, the ecologically viable level of per capita production potential for a country like India in the fifth category will be considerably lower than the ecologically viable levels for countries like Canada, USA or USSR in the second category.

So long as the national boundaries are sacrosanct, the natural limits of consumption levels set by ecological considerations for each country are bound to be different. Therefore, any comparison of consumption levels between the advanced countries and the developing countries, as is commonly done in literature concerning economic development, is misleading *ab initio*. The consumption level of the advanced countries are implicitly taken as the index of their development and, by the same token, an impression is created that those levels are both desirable and achievable developmental goals. Since the upper limit of the level of production in each country is different, this introduces an element of confusion. Such comparisons are very often purposely over-emphasised by the elite groups in the developing countries. While such comparisons have the advantage of being spectacular, they also engender a climate in which the high consumption levels of the elite themselves not only get justified but by comparison with their peers in the advanced countries an aura of self-imposed austerity and sacrifice is also created in their favour. We, in our country, cannot simply afford consumption levels of the advanced countries which not only have the advantage of a larger resource base but have also been pirating resources from the Third World countries on a big scale. If the consumption level of some sections of our society is higher than the viability limit as dictated by the resource-population configuration of our country, the burden will have

to be borne by those located at the other end of the spectrum. The per capita consumption levels as determined by ecologically viable production potential, therefore, should be treated as the absolute ceiling for the purposes of planning and consumption of physical goods in the developing countries. Any consumption beyond that level is obviously destructive consumption. While the global ecological issues are now being discussed seriously and some projections are also being attempted to determine destructive consumption level for the global economy as a whole (which show that the Western style of living is non-viable), similar exercises within the frame of national economics have not been even thought of for obvious reasons. The results will knock at the base of elitist life-style. It is about time that this task is undertaken urgently so that an element of realism is introduced in the uninhibited sway of elite ethos of consumerism in our national life.

(ii) Social Equity Norm

We may now move to the other end of the spectrum where a large section of our people are located. Even though there is a wide variation in the social and economic condition of the people there, they belong to the common category of the poor who are being subjected to a wide variety of deprivation processes studied by us in the earlier part. In a country dedicated to the establishment of an egalitarian social order, the first important policy issue which should be attended to urgently is to determine a reasonable level of living for the common man with reference to the state of current level of production in the nation after taking into account the minimal drawal necessary for maintaining essential national infrastructure like defence, law and order and public administration. Even the minimum national infrastructure itself cannot be determined independently. It has to be defined with reference to both the gross national product and the reasonable level of living generally accepted for the people. As the production potential of the national economy rises, the expectations of the people and consequently the nationally accepted reasonable level of living will also move up. As we have noted earlier, the reasonable level of living in any nation cannot be higher than the level represented by the line of destructive consumption (p. 147) unless a country can draw upon the resources of other nations. This can be done in many ways. The most notorious form is naked expropriation as was done by colonial powers. There are now more subtle forms like dependency relationships and adverse terms of trade. Other forms may comprise exchange based on specialisation requiring higher skills, greater capital intensity and lesser natural resources, or migration—temporary or permanent. In a large country like ours with adverse land-man ratio, rising population, adverse international economic order and frozen national frontiers, these options are not available in any significant measure. Therefore, the reasonable national level of living has to be carefully defined.

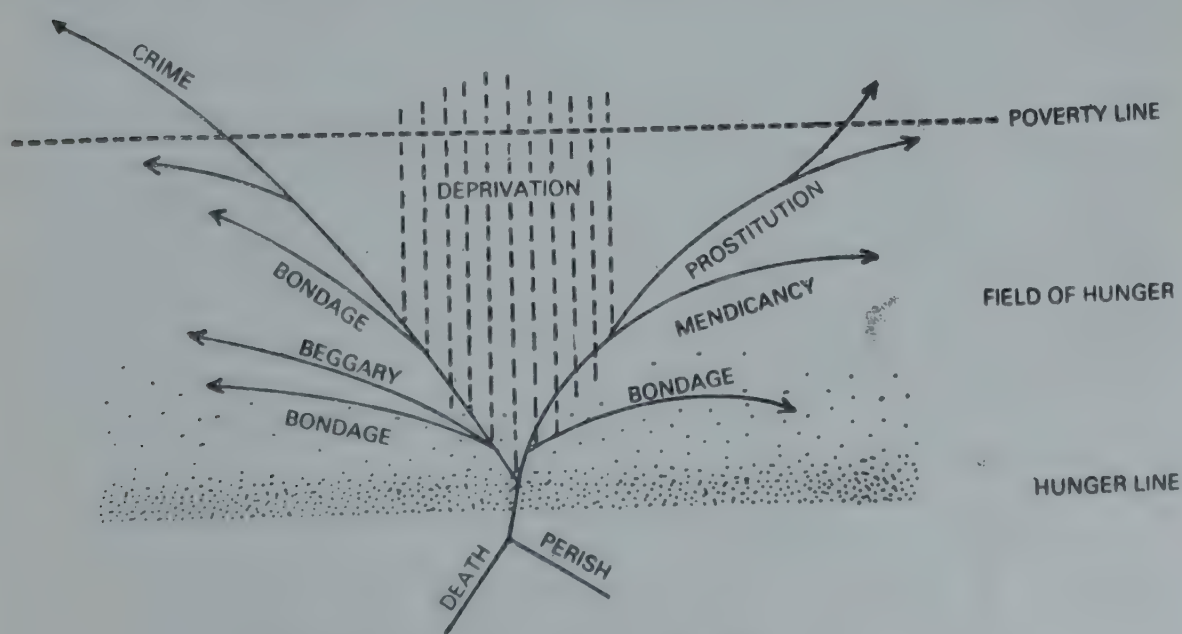
It is obvious that the production potential of physical goods in our

country, no doubt, can be raised many times compared to the present level, yet that limit is bound to be reached much earlier than what is generally believed, particularly if the Western model of development and consumer norms continue to have the sway. Ecological constraints, therefore, make it incumbent to accept a lower profile for the production and consumption of physical goods. It will be desirable to lay emphasis on production of non-physical goods and services. It is fortunate that our national tradition is in consonance with this frame. Nevertheless, certain minimum needs for physical sustenance like food, clothing and shelter are essential which must be adequately provided for in any definition of reasonable level of living for the people. These minimum norms have been computed by a number of economists and there is a broad consensus even though there are differences of detail. Based on these norms a minimal income level necessary for attaining those consumption levels has been worked out and accepted by the Planning Commission which is commonly known as the poverty line. Our national economy, at the moment, is strong enough not only to provide for these minimum needs adequately for the entire population but is capable of generating substantial surplus beyond that level. It is also clear that the production potential which we have succeeded in creating would have been much higher if equity had been accorded the first place. The additional contribution would have been due to the fact that the common man would have enjoyed a better quality of life and would have acquired higher skills with greater access to education. The dividends from a sense of commitment to the cause of national development through enlightened participation of the people have also not been realised for want of that thrust. In fact, inequity has created serious strains in our economy, the ill-effects of which have remained camouflaged so far as substantial additives due to science, technology and organisational inputs are accruing to the national economy. Nevertheless, these strains have already crossed the tolerance limits in some states like Bihar and their influence is spreading to other areas as well. Consequently, it is not only possible and desirable but crucial for the health of the nation that the reasonable level of living for the nation is clearly defined and its realisation is accepted as an urgent task in the national development strategy.

While income just above the poverty line may be sufficient for meeting the minimal requirements of food, clothing and some other essentials, it cannot be sufficient to attain a reasonable level of living in a country dedicated to the establishment of an egalitarian social order. The reasonable national living level should include a modest dwelling for the family, education of all children upto the age of 14, comprehensive health coverage, reasonable leisure with opportunity for recreation, meaningful participative community life involving reading and listening, games and sports, music, dance and other cultural activities. The only item in this basket which has a substantial physical goods component is dwelling; all other elements primarily belong to the group of non-physical goods and service and require a comparatively smaller complement of physical goods like a well-equipped

education and health complex, reading materials, medicines and such like. Even though education and health services are expected to be provided as social services in the public sector, a family cannot take full advantage of these services unless it is economically sound. If all the children in a family are to attend a school, they not only will be unavailable for productive work upto the age of 14 but they will also require considerable extra expenditure for the family during that period. The reasonable living level which may be arrived at after making full provision for all the above elements should be accepted as the base for determining the entitlement of those unskilled wage earners in all sectors of the national economy, who have no assets except their labour. Above the level of reasonable living which should be guaranteed for all, the individuals could be allowed to claim additional returns for their skills and also a share in the additives accruing to the economy as a contribution of Nature, technology and organisation. The sum total of all entitlements in the nation, however, must not exceed the ecologically viable production level.

If we review the national scene, we find that a large section of our people are still living below the poverty line. The number of persons living below the reasonable living level will be much larger. Even the head-count of those living below the poverty line does not tell the whole story. An important aspect of the phenomenon of poverty, viz., hunger, tends to get mixed up in the technical discussions. In extreme conditions like a famine, acute deprivation may take the form of starvation deaths. But a significant section amongst the poor in our country has to accept hunger as a part of their normal living. It is possible that some members of a family may have to go without food for some time or all of them may remain half-starved sharing the meagre food available. Here we are face-to-face with stark poverty and destitution which has to be specifically



DESCENT OF MAN AND HIS ESCAPE
FROM HUNGER

recognised as a distinct level amongst the poor. There is a hunger line in our national economy below the poverty line.

The dynamics of poverty is quite complex. Those faced with the spectre of hunger may be forced to adopt certain escape-routes before they actually descend far below the poverty line and become destitutes. As a family loses all its physical assets in the grim struggle for survival, it is left with nothing else to offer but the bodies of its members even for bare physical survival. In this phase, the family may be forced to trade off its liberty, accept bondage and get attached permanently to some non-poor family. Another despicable escape-route is destitute-prostitution in a flourishing 'market of human flesh' which has become quite common in some areas and communities. Some other poor may move on the path of mendicancy, beggary and to a life of crime. Ironically some of them may not only escape hunger and cross the poverty line but may even join the ranks of the affluent, where no questions are asked about the means adopted for economic gains in an essentially supercilious milieu of scant regard for values in life. The existence of a section of population hovering around the hunger-line and some being forced to trade off their liberty and self-respect is obnoxious and offensive to the basic tenor of an egalitarian society. No explanation whatsoever can be accepted for such a phenomenon which needs to be erased forthwith from our national life at any cost. Even the existence of poverty line cannot stand critical scrutiny in our country. As we have seen in our earlier analysis, the explanation for the continuance of poverty essentially lies in the heavily loaded equations against the masses. They are subjected to severe deprivation which is ironically engendered, to a large extent, by the very processes of development. This must change. All productive forces in the national economy must be harnessed to ensure that no one goes without food in our land and that everyone gets the opportunity for a decent life behoving a free citizen of a democratic nation.

The perception about the problems of the poor will remain vitiated unless the fact that high living of the elite, in the final analysis, is at the cost of the poor, is unequivocally accepted. It will be necessary in this context to distinguish between two facets of elite consumerism, viz., consumerism which is ecologically non-viable and consumerism which is socially non-viable. A style of life based on consumerism, which may have already imposed a serious strain on ecology or may have the potential of becoming ecologically non-viable, has to be ruled out in perpetuity. On the other hand, social equity would demand that unless the requirements of all people for a decent living are fully taken care of, any use of national resources for non-essential consumption will be undesirable. It will, therefore, be necessary to take stringent measures to discourage and weed out those elements in elite life-style which may involve transgression of social equity norms. So far as ecologically non-viable elements are concerned, there can be no choice but to prohibit them outright.

Desirable Portfolio of Goods and Services

This brings us to the question of defining a desirable portfolio of goods and services. While our plans at the moment have targets for production of various commodities, their end use is left to be determined by the private enterprise and market forces. This brings us to the question of entitlements which are created on the gross national product by the incomes supposed to be generated in different sectors of the economy. We will discuss this aspect in detail in a following chapter. At this stage consideration may be limited to the issue as to whether those production lines which are ecologically or socially non-viable can be allowed to continue and the production portfolio can be left to be determined by free market forces. This is a must, since unless the basic parameters of our national economy in relation to the pattern of consumption and style of life are defined, the investments, particularly in the private sector, will not move in the right direction.

Some illustrations will bring to the fore the central issue in our discussion. Let us take the example of the transport system. With growing urbanisation and phenomenal mobility of people for work and for use of ever-expanding leisure time, transport has come to occupy a central position in all modern economic systems. But the transport system is not uniquely defined for all situations. A wide variation is possible in the choice which a nation may make. The first choice is between slower modes of travel and the faster ones, which has long term implications for ecology. Moreover, even within the same parameters of speed and comfort, there are numerous choices with varying social and ecological implications. For example, the motorised transport can be planned either with focus on private ownership of vehicles or with high priority for public transport to the exclusion of the former. The private ownership model is clearly a flagrant violation of social equity norms in our country. Moreover, this model cannot be stretched beyond a point without jeopardising ecological viability. But the fact that this choice will even mean crossing the destruction limits of ecology in India is not even mentioned, not to speak of being accepted as an inviolable constraint in the formulation of national transport policy. Instead consumerism is being allowed to inundate this sector by acquiescence, nay positive encouragement, to the free play of nefarious business ploy of induced demand through the game of 'makes and models' unmindful of its social and ecological consequences. The public transport system languishes notwithstanding its superior merit on both these counts.

There is another insidious change in the same sector with regard to the rail and air transport. In the first phase of development after Independence it was decided to reduce the number of classes in the railways to just two—ordinary and upper. This was a desirable step both for equity and ecology. But while this decision remains unchanged, the spirit behind it is gone. The elite style has forced its way in the railway system as air-conditioned travel became an accepted mode for those who could pay. In

the new formulation one class will be the ordinary class and the other, air-conditioned. It may be mentioned here that air travel is being incorporated as an integral part of rail-road system with the sole objective of serving the elite life-style. An extensive network of airlinks is being planned through the third airline—Vayudoot—to enable the elite to opt out of the tedious rail-road system and foppishly fop about at will. So there will be three classes of travel, viz., air, air-conditioned and ordinary.

Thus, the new criterion for differentiation in travel is the degree of indulgence in luxury in place of mere comfort of larger space and softer seats of the earlier phase. There is no case for air-conditioned luxury on rails for the Brown Sahibs in a country with only brief spells of extreme climate when even the Gora Sahibs from a cold country could do with mere ice boxes. That air and air-conditioning devour energy, a scarce resource urgently required for production of essential goods, does not bother the power elite whose style must not be cramped irrespective of its consequences for the national economy. The nation must provide facilities if their services are required, asserts the voluptuous boss without a blink. It is clear that our transport policy, including the production of motorised vehicles, has not been seriously considered with reference to its ecological viability or social compatibility.

There are certain items of consumption about the production of which there can be no doubt either in relation to ecological or social implications. For example, as minimum needs are satisfied, a universal demand for electricity will arise since it significantly improves the quality of life. Moderate use of electric power for lighting and fans by everyone in the country is feasible. Any production effort to fulfil this socially desirable and ecologically viable economic need should be encouraged. But when we come to items like refrigerators and air-conditioners, we cannot say with confidence whether a large scale production of these items with reference to the size of our population will be ecologically viable in the long run. It is, however, certain that at this stage of our economy where most of our hospitals are without minimal essential physical facilities for patients who require maximum comfort, production of central air conditioning, air-conditioners and refrigerators for personal use is socially undesirable. Nevertheless, a wide spectrum of such luxury goods, the production of which on a large scale may not be ecologically viable, are devouring a substantial part of our national resources and using up production capacity which should have gone to meet the more urgent requirements of the poor to bring them to a reasonable level of living. This issue will need a detailed discussion.

Vulgar Consumerism

Consumerism appeared in the advanced countries first as a symbol of progress and then as an end in itself. It is now feeding on the compulsions of their economic system. In the developing countries, on the other hand, consumerism is emerging because the new elite have acquired a vested

interest in it. They can justify for themselves higher incomes and high consumption levels only by adopting the models of the advanced countries notwithstanding the desirability of moderate levels of consumption and need for maximisation of savings and investment. In economic terms, the elite are anxious to maximise their class consumption even before the production system has been reasonably established to provide minimal sustenance to the vast majority of our people. For example, it is those sections of population which do not need additional nutrition that are able to command entitlement to a rich diet. It is well-fed mothers belonging to high society who can breast-feed their children and provide best nutrition to them. But it is these children who are fed on a variety of baby foods of doubtful value. Those in the poorer families who really need additional nutrition, cling hungrily on to their mothers' breasts with hardly any milk in them. The same is the story in respect of the other two basic necessities of life, viz., clothing and shelter. In this inequitous milieu the level of consumption of the small elite has already reached a level which is not ecologically sustainable even for a moderately significant section of our society. This has been made possible since we have accepted Western norms and life-style without a clear appreciation of the difference in the socio-economic and political parameters.

Any consumption which violates the ecological viability norm in the context of our country is both destructive and vulgar. But vulgar consumerism need not be related to the destruction level only. In defining the reasonable limits for consumption and vulgar consumerism a number of other socio-economic factors are also relevant. The process of development should be so guided that the difference between the highest and the lowest is kept to the minimum.

It may, however, be conceded that in a developing economy differences in the consumption levels are inevitable, at least for some time. Similarly new consumption styles also develop with the changing patterns of production. When a new product is manufactured, its use can pick up gradually as its production increases and people get to know about it. Radio was a luxury item at one time but now with the new technology it is a commodity of mass consumption. Similarly bicycle is now widely used. These commodities are no longer symbols of an exclusive class. On the other extreme, there are many consumer goods which will remain out of the reach of not only the vast majority of the people in the foreseeable future but will retain exclusive class character such as cars, air-conditioners, refrigerators, palatial dwellings notwithstanding deceptive epitaphs like people's car or cottage. In fact, the use of such luxury goods even by a significant section of population is non-sustainable and will violate the ecological viability constraint. They are bound to remain items of exclusive class consumption in our country in the foreseeable future. But many other commodities can be said to lie in an intermediate zone. Their mass use may not violate the ecological viability norm yet their wider use may not be feasible in the immediate context of our economy or even in the near

future. Consumption style based on such goods will be violative of the egalitarian principle. It will also militate against the growth process itself. It is necessary that some objective criteria are adopted for defining reasonable levels of consumption in our country. One such criterion could be that only that level of consumption may be accepted as permissible which can be attained by a sizeable section of the community, say 50 per cent or so, within a reasonable time-frame, say ten years or so. A similar criterion could be applied to each item of consumption. A commodity whose production and distribution cannot be so organised so as to cover at least 20 per cent of the population in about 15 years' time, should be treated as an item of vulgar consumption.

A word of caution may be necessary at this stage. The above formulation is amenable to be misused if interpreted literally. What is important is the powers of benefits which should be fast enough to be perceptible and meaningful to the individual in terms of his own condition of life or that of his children. Any time-frame beyond a generation loses its significance as it can be extended indefinitely without making any difference to the people at large. Secondly, it will be necessary to avoid dualistic trap at every stage. Today the diffusion is limited to a small section of about ten per cent or so. The ambit of the privileged group is being expanded to the extent it is necessary for self-defence and legitimisation of the gains of inequitous processes. Consequently, a dualistic structure tends to get consolidated and legitimised. In this context it may be noted that education is playing the same role in the contemporary Indian society as the *karma* theory in the traditional system which perpetuated the dualistic structure legitimising deprivation of *antyajas* comprising about one-third of the total population. In a dualistic structure statistical figures lose their significance. It hardly matters to the last man whether the top man or the first seven share the benefits; he has to carry the burden of the whole structure including the top few in either situation. What is necessary is a vigorous and dynamic process of diffusion which should permeate the entire population breaking all social and economic barriers. Any life-style which is not in consonance with this basic condition is vulgar.

The above discussion adds another dimension to the discussion about basic national parameters. The oft-quoted cliché that every citizen must have an opportunity for optimum growth and realise full potential of his personality can become meaningful only if the economic system is so designed that even an unskilled wage-earner is assured of a reasonable level of living. The flow of goods and services, therefore, has to be diverted from higher sections of society to the lower by suitably changing the exchange equation. Nevertheless, arithmetical equality is neither feasible nor desirable. It will be necessary to design a normative frame having some upper and lower limits of income in the society. It is clear that consumption style which is ecologically destructive is heinous and vulgar consumerism is villainous. The existence of people facing the spectre of hunger is macaberesque and life below the poverty line invidious. But the

landscape between the poverty line and the destruction line itself is quite extensive which may be carefully surveyed for determining the desirable levels of consumption and life-style. As we move above the poverty line, we have a significant section of population which enjoys what can be accepted as a reasonable level of living discussed earlier. But as we continue to move further up, a new phenomenon appears which in the context of our egalitarian goals cannot be accepted as comprising reasonable level of living. Some of the better-off families begin to employ the less fortunate people for the manual tasks and a class of domestic servants appears on the scene.

The socio-economic situation is quite complex here. The existence of the institution of domestic servants in an economy depends on a number of social and economic factors. Therefore, economic conditions of both the poor and the non-poor become relevant. For example, in a country where no family is below the poverty line and job opportunities are plentiful, a domestic servant will be hard to find and if at all they can be found they will be available at a very high wage. But in conditions of widespread poverty they are available for a pittance. Therefore, even those families which may be just enjoying a reasonable level of living may be able to employ domestic servants. There is a trade off between a small money income and personal comfort. A family may even decide to spend less on food and clothing and take in a servant who may not cost the family anything more than provision of board and lodging within the family group. Sometimes an element of philanthropy may also get mixed with personal interest. The root cause for this situation is existence of abject poverty.

Besides economic conditions, social milieu is an equally important factor responsible for the institution of domestic servants. For example, the institution of domestic servants does not exist amongst the tribal people who are very conscious of their self-respect. But as deprivation and disorganisation play havoc with these simple people they are also forced into these degrading positions. The situation in other rural areas is rather complex with a mixture of feudal, caste and economic elements. What is important for the purpose of present discussion is that there are certain families which can afford to employ members of other families and there are some families whose members are obliged to serve other families out of economic necessity. Employment of man by man in this fashion is against human dignity and repugnant *per se* besides being inconsistent with egalitarianism. This genre of employment has to be clearly distinguished from what can be considered as genuine division of labour which is basic to economic development. In contrast to the dignity of labour which even the unskilled labour should enjoy, domestic service is dehumanising. No money equations can be devised to compensate for loss of dignity. Domestic service belongs to the same genre of relationships as slavery and bondage. An acid test of egalitarian structure is the eradication of this class of employment. The income level at which it is possible for a family to

employ another person as a domestic servant or as a wage-labourer can be taken to define the egalitarian limit. Any income beyond this level is neither desirable nor consistent with the supply and demand for manpower in the national employment market.

It may be added at this stage that not every person having an income above the egalitarian level will necessarily employ a domestic servant or a wage-labourer for assistance in his economic activities. Similarly in some cases the domestic servant may be a remnant of feudal relationships of the family with other groups rather than indicative of its economic status. On the other hand, the better-off sections in the society may prefer the alternative of using modern gadgets instead of employing a domestic servant, thus effecting substitution of capital for personal labour. In the ultimate analysis production of such inessential gadgets means diversion of resources from more desirable sectors to the luxury sector and a keener competition in the employment market due to use of labour-saving devices which causes tremendous handicap for the poor groups.

The determination of egalitarian limit can be of great significance in the analysis of our national scene. Such a limit would represent the end result of a number of complex social and economic forces. As the condition of the poor improves, the cost of employing a domestic servant or a wage-labourer in agriculture will rise. Similarly as social attitudes and values change, not many people may offer themselves for such jobs notwithstanding their economic hardships. Even if a person is prepared to do so, the wages which he may demand as a compensation for the loss of dignity will be quite high. Only persons with increasingly higher levels of income will be able to afford the luxury of engaging another person as a domestic servant or as a hired labourer. As this last vestige of human indignity disappears from the national life, the egalitarian line will gradually move up and fade out. At this stage, the life-style of all sections of people in the nation will become socially compatible. The basket of consumer goods will not contain anything which may violate or have the potential of violating the social equity norm. The limits to the consumption of people, with the ushering in of the egalitarian phase, will be determined exclusively by considerations of ecology.

Dehumanising Occupations and Drudgery

Another facet of poverty relates to the socially degrading occupations like rickshaw-pulling and a variety of chores involving drudgery. While it is generally accepted that they have to be eliminated from our national life, there is no well-chiselled policy frame for achieving this goal. In some cases there may be a national programme like eradication of the practice of carrying nightsoil as a headload. In other cases it may be a vague wish of things getting sorted out as we move forward on the economic front. This is not enough, nay, is to absonant to the overt professions. This issue needs to be honestly spelt out and boldly faced.

There are two types of uncongenial economic activities, viz., those associated with the traditional social system and those

belonging to the modern sector. In the modern sector the uncongenial element is taken care of by assigning due weightage for it while determining the remuneration of the relevant tasks. The place of an individual in this system ordinarily depends on market forces, though the inbuilt bias of the system against the underprivileged groups cannot be ruled out. In the traditional system assignment of dehumanising and uncongenial tasks is, more or less, compulsive and their remuneration is exploitative. While a time-bound national programme should be taken up to eliminate uncongenial elements in all working situations through the use of modern technology, those linked with the social system should be accorded highest priority and implementation should be the first charge on national resources. During the transitional phase the disagreeable tasks of the traditional system should be formally assigned a professional status incorporating them in the modern sector so that those getting the benefit of services like scavenging in towns are required to pay directly or through a suitably graded system of taxation.

The issue of dehumanising work and drudgery even within the limited economic frame is rather complex. No society can allow trading off of liberty by individuals to earn a living. But the only alternative in the absence of reasonable employment opportunities may be to accept other dehumanising occupations like rickshaw-pulling. Similarly some persons may be forced into sex trade for the same reason. Here we come to the central issue of planning, viz., employment policy. The production capacity of our national economy has reached a stage where right to work can be accepted as fundamental. Such a step will essentially mean redesigning the production structure, redefining entitlements of different sections and redistribution of the Gross National Product. It may be noted here that employment in this context will have to be strictly defined as wage employment for physical work of a reasonable intensity and duration on any assigned task at minimum wage sufficient to raise the family above the poverty line and gradually enabling it to attain a reasonable level of living. The full employment economy itself will need to be visualised in terms of employment opportunities for all in the labour market at the base level as wage-earners, while employment at other levels may be left to be adjusted in terms of the overall production portfolio of the national economy.

Manual Work and Dignity of Labour

At this stage we may have to examine in some depth whether drudgery and manual labour can be distinguished and dignity of labour can be instilled when drudgery is erased. It is not conceivable that all forms of manual labour can be dispensed with anywhere in the world, more so in our country—both on account of ecological constraints and sociological parameters. For example, mechanisation of agriculture is neither ecologically feasible nor socially desirable. If labour displacing tractors and other machines were not allowed to be introduced in Indian agriculture under

the mistaken and motivated belief that they were necessary for increasing productivity, a more desirable balance would have emerged. The big land-holders would not have been able to consolidate their position and the new distribution of land in the wake of labour intensive agricultural techniques would have been decisively peasant-oriented. With the introduction of machine and spread of education the perception about drudgery and manual work itself has changed. An educated young man considers all forms of manual labour, not associated with machine, as drudgery and undesirable. This premise cannot be allowed to remain unchallenged since as we move forward to achieve the national goal of universal education for all children upto the age of 14, it will create serious imbalances in the national economy. This is already happening in some of the hill states in the north-east like Mizoram which have achieved near universal elementary education. It is imperative that inevitability of manual labour in our economy is brought home to all and a sense of dignity of labour instilled amongst all sections of society.

There are, however, some back-breaking tasks which have to be accepted as drudgery even in the present state of national economy. Hewing of wood and carrying of water over long distances by women in many regions are certainly drudgery. Grinding of grains and pounding of rice for the family may not be drudgery but if that is done for earning a living it will certainly fall in that category. While hard manual work like breaking of stones may be drudgery, cutting of earth and preparation of agricultural fields cannot be so defined. They will comprise hard manual labour which will remain a necessary condition of people's life in the nation. Drudgery can and should be eliminated by imaginative planning of work and production, but what is essential has to be accepted with grace and dignity. For example, while tractors should be eliminated, installation of irrigation pumps should be encouraged. Metal-breaking machines should be brought on the roads while earth levelling should be left for manual labour. Thus, for the same level of capital intensity in the national economy, the structure of employment can be quite different depending on the choice of technology. If the above premises are accepted, there will be no tractor drivers but there will be no metal breakers either. A large number of cultivators will be tilling their lands with ordinary ploughs, but each one of them may be handling the irrigation pump, instilling a new sense of dignity as also raising the productivity of land with higher labour intensity on a smaller field which he owns.

This brings us to the larger question of capital intensity, appropriate technology and labour-oriented economic activities. There is no simple answer to this complex question. Besides issues of capital, technology and associated ecological constraints already discussed, sociological constraints and social goals are equally important. Let it be conceded that certain sectors of our economy will have to be highly capital-intensive in keeping with the technological advances in the world as a whole. This sector, however, need not be very large. The choice for the rest of the

economy can be made from a wide spectrum of alternatives. It is obvious that large scale mechanisation will neither be ecologically sustainable nor socially desirable. But drudgery and uncongenial elements from the national employment structure have to be eliminated for which relevant technological input will be necessary. A rational choice in this regard will be possible only if individual entitlements and incomes are delinked from the accident of location in the system. They should exclusively depend on the individual contribution of a person to the national economy duly discounting the gains due to large national investments to enable him to acquire his skill endowment. Therefore, a national wages and incomes policy, which should strictly prescribe certain lower and upper limits with reasonable differentials for elements like drudgery, uncongenial nature of work, skill endowment, application, etc., will be a prerequisite for preparing a rational plan for production of goods and services in the nation.

The potential for production of physical goods to satisfy the basic minimum needs of the entire population in the nation has already been achieved. Therefore, the basic issues now relate to policies about employment, wages and entitlements so that that potential is harnessed in the best interests of the common man. It is axiomatic to state that higher consumption supported by effective demand will induce higher production. Similarly higher production can be expected to generate higher employment, provided there is no substitution of labour by capital. We have discussed earlier about the desirable national production portfolio but our discussion was limited to the production of physical goods only. We may now turn our attention to non-physical goods and services. There are some social services like education and health which must be included in the minimum needs packet. Similarly like the physical goods sector, services sector also has socially desirable and vulgar and wasteful facets. The production of physical goods to satisfy the basic needs of the entire population will absorb a substantial part of the total manpower in the nation whose quantum, however, will depend on the capital intensity, the skill endowment and the efficiency of the workers. Once we succeed in achieving the production level for satisfying the minimum needs of all citizens, the next important question will be about the possible use of remaining manpower resources. It will be necessary to determine the proportion which should be assigned for production of physical goods, non-physical goods and social services. The tremendous production potential, which can be generated by the use of technology and the new organisational forms, makes a wide choice possible in respect of the mixture of physical goods, non-physical goods, social services and leisure. In fact, the basic problem in the advanced countries is how to keep the man busy during and outside working hours as the machine is increasingly displacing him not only from all economic pursuits but even from socio-cultural pursuits like entertainment.

The Western world for historical reasons equated progress with higher consumption of physical goods and in that milieu even leisure has

to be absorbed in the pursuit of consumption. Besides, the questionable cultural implication of such a choice, in a country like ours with a large population to support, will be ecologically disastrous. Consequently, greater emphasis on non-physical goods and services has to be adopted as a conscious national policy. In fact, in the overall national frame, a time has not come where we may have multiple choices in this regard. This question needs to be resolved urgently since the production portfolio is being dictated by sectional interests rather than being determined by the overall national requirements. For example, we are still struggling to create minimal physical facilities for universal education in the country and to provide minimal health services. A large section of children cannot attend school since their families cannot afford the luxury of withdrawing them from productive work and sending them to school. A simple decision to accomplish these tasks would have meant (i) withdrawal of all children upto the age of 14 from the labour market, (ii) creation of more work opportunities for their elders in the family, (iii) creation of new employment opportunities in priority sector of education relieving the burden from overloaded unproductive tertiary sector, and (iv) diversion of physical resources from non-essential activities to the essential education service. If the equations were reasonably balanced and each family were enabled to get due returns for its labour, sparing the children for education would have posed no problem. The overall employment situation in the country would have improved. This would have made for a more equitable distribution of the national pie. Similarly acceptance of the principle of one job in a family coupled with a ceiling on incomes would effectively mean reduction of the share of the elite in the national income as also employment, release of resources to high priority areas and making the organised sector more broad-based.

Technology and Organisation

CHAPTER 8

The issues about desirable national production portfolio and employment structure in the present stage of development when we are still struggling to eradicate poverty and provide a reasonable level of living to all are comparatively simple. But it is necessary that the perspective for future is also made clear so that there is full consonance between the urgent tasks and the long term goals. This will also help in discounting the wrong lead given by the affluent sections following their counterparts in the Western countries. It will lay the foundation for evolving a truly national frame.

Our country no doubt faces the real constraints of ecology and numbers discussed earlier. But we have a distinct advantage compared to the advanced countries in our deep cultural roots and a rich cultural heritage. There is near unanimity in our country that our national development should be firmly rooted in our cultural tradition. In doing so we can make a unique contribution to the world civilization standing at the cross-roads. Unfortunately this formulation has remained a mere wish notwithstanding the invaluable Gandhian lead. The policy-makers appear to be torn between diverse goals which, on deeper analysis, appear to be incompatible. It is clear that no one can think of cultural refinements on a hungry stomach. But it is equally true, perhaps more so, that those wallowing in wealth do not have the sensitivity to appreciate refinements of culture, specially the neo-rich who can just vulgarise it. Consumption beyond a limit breeds sheer acquisitiveness and greed which are inimical to a decent cultural life. The tidal wave of passive entertainment, which is essentially a part of the massive onslaught of consumer-oriented culture of the Western world, is engulfing and sweeping away the finest cultural elements in people's lives in all parts of the country and incapacitating the individual even to enjoy himself without artificial commercial external stimulants. It needs to be effectively checked in favour of direct participative small group entertainment and leisure activities.

Here is the significance of human pursuits other than those related to production of physical goods. Physical resources and human energy can be diverted to more meaningful and satisfying socio-cultural purposes. For example, as the production potential of our economy improves, the

span of education of younger people can be increased beyond the age of fourteen; all social services can be made universal and a larger section of our population can devote itself to pursuit and cultivation of science, literature, fine arts, music and also for improving physical conditions of living and enriching the quality of national life. By the same token, the average citizen can have more time to himself to devote to reading and participation in small group cultural activities; sports and games can become an important part of the community life and a small section amongst them can devote itself exclusively to these as professionals.

That the manpower deployment frame following the traditional pattern of advanced countries will not be viable for our economy is also becoming clear from the fact that notwithstanding the long strides in industrialisation, the share of secondary sector activities in the labour force has not improved significantly over the past half a century. The tertiary sector has grown at a very fast rate. But this sector together with the modern secondary sector is acting more as a sponge which is successfully absorbing the benefits of new developments accruing to the national economy simply because it commands locational advantage and also is a part of the new power elite. The real productive kernel in the tertiary sector is rather small. With the new breakthrough in technology, particularly the arrival of the chip, purposeful additions to the tertiary sector on the traditional lines can be ruled out. Considerations of efficiency even in the traditional mould will require deepening of capital base and upgradation of skills. However, it will have to be ensured that the benefits of new technology, which will be actualized by the small group in these sectors, are not claimed and retained by that small group but become available to the national economy as a whole for improving the quality of life. It is also clear that the desired goals of our national economy cannot be the same as in other advanced countries both on account of ecological constraints and the social situation. The commendable achievements in the beginning should not be allowed to blur the reason and to dub realism as romanticism. There is no doubt that so far the limits of ecological constraints have not been crossed. But we have just made a beginning and touched a small part of the total population. The egalitarian norms have already been seriously violated. As we move further, some benefits may percolate to the poorer sections and a significant part amongst them may be enabled to cross the poverty line, yet so long as the processes which are leading to the cornering of benefits by the affluent are allowed to continue and are not reversed, the phenomenon of relative deprivation and also destitution at the other end in newer forms will continue to raise its ugly head. The rising expectations of the poor and even those just above the poverty line cannot be wished away. The Western model of development in our country is bound to become ecologically unsustainable even before a significant section of the Indian society attains a reasonable level of living. As time passes and vested interests get consolidated any change in the model may not be easy and smooth. The possibility of violent

eruptions in the system cannot be ruled out. The crucial point for our consideration at the moment is whether this model with the in-built processes of deprivation with its attendant potential for destabilisation will be adequate to eradicate poverty even in the conventional sense of the term.

When we think of the quality of life in the Indian context, the only comprehensive and viable frame available to us is that provided by Gandhiji in 'Hind Swaraj' and his other writings. Even though the Gandhian way has been eulogised and certain programmes like those of Khadi and village industry have received State support due to the aura of their association with his name, the main thrust in the national economy and the associated drift in social life have veered from his teachings and perceptions. As we are moving forward, they are being left by the way side, one by one, and forgotten. We cannot do better than to pick up some of the threads to define the broad national parameters.

The question of machine versus man is not merely that of appropriate technology and employment, it concerns the very philosophy of life and permeates all its facets—social, economic, political and administrative. Some of the essential ingredients of a machine-based mass production system are large formal organisations for production, exchange and distribution and big urban centres. This frame is different from the rural setting not only in relation to its size but, even more importantly, in terms of certain basic elements of human life. While the rural people live in face-to-face small communities, there is hardly any community in that sense in the urban areas. The informal and personal relationships are eroded and gradually replaced by formal and impersonal relationships. For some time the nostalgia of small group community life may haunt the people and those conditions may be simulated through small group associations based on caste, religion, region and such like. But the logic of the system continues to unfold ruthlessly. Not only is the community dying out, even the family, the kernel of all that is human, is disintegrating. Extended families are becoming nuclear and are progressively shedding the kin-group including the parents. As personal and emotional elements in the rearing of children are decreasing and formal institutions are taking up the parental responsibilities, even the bond of marriage is becoming an unnecessary burden and the process of atomisation of the social system with only formal lines to sustain it appears to be working inexorably.

The above picture may be dubbed as a figment of imagination by alluding to the general social milieu in the country. But it may be remembered that a great tradition has a long shadow. The organised and the urban have not got consolidated so far as an exclusive social class. Most of the members of these groups are first or, at the most, second generation migrants from the rural areas whose social links have not been completely snapped. Nevertheless, a small but powerful group is emerging which has no memories of its rural heritage and has no idea of community life, nor does the village community have any direct association with the members of this group. The urban population is rather young. The

elders in the family are being left behind in the village who are ostensibly proud of their children in the town. The new urban system appears to have no place for them. The housing tenements are designed for a nuclear small family. This is not so only for the lowest economic groups. Even when many a modern facility is provided for the middle classes, the elders appear to be forgotten. Homage is paid to them by instituting old-age pensions. Great concern is shown for their welfare by making provisions for old men's homes unmindful of the fact that the virtual heaven of the old is their family which is being mercilessly destroyed. No lesson is being taken from the hell that has been created in the advanced countries for their revered senior citizenry. As hordes of poor are thronging unplanned cities, the family is under tremendous strain; the new generation amongst these poor does not have the benefit of socialisation either in the village community or in the family or in the new institutions which are being established by the rich for their children; they are adrift and directionless. If the social situation in the advanced countries with their command over the resources of the entire world is what it is, the prospects for a country like ours with a much smaller per capita production potential and growing disparities are bound to be bleak. The present phase in which a small coterie of the affluent at the upper end is relentlessly indulging in vulgar consumerism while the masses continue to lead a life steeped in poverty and destitution, yet with contentment and concern for values, cannot last for long. It may prove to be an extremely brief spell in the economic history of our country which may end up with a disastrous bang unless strong correctives are taken before the time is out. The growing scepticism about higher values and refinements in life, the ruthless unprincipled competition with a weakening nexus between reward and effort and the growing disregard for the law and norms as the social frame itself is weakening are the surest pointers in that direction.

This is the inevitable consequence of the way we have managed our national economy so far. The centre of authority and leadership in all spheres of life has moved away from the national mainstream in the rural India to the urban and industrial centres. For the first time in the history of Indian civilization the face-to-face rural communities have lost their centrality and have become peripheral in the national life as the emerging elite is arrogating to itself even the national mainstream status. The devastation of the rural economy initiated in the rapacious policies of the British days continues though in a different form now in the new urban-industrial centres. Even agriculture, the mainstay of the national economy, has become subservient to the organised and the urban. While processes of deprivation continue to squeeze the rural economy in general, the economic situation in a few areas which have the benefit of differential growth and of establishing special links with urban centres is taken as the evidence of a new deal for Village India and a happier life for all in the not too distant a future. These examples provide a good alibi for ignoring the inherent contradictions and growing disparities all round. As we have

seen earlier, not only these adverse processes permeate all facets of the village economy through clever manipulation of exchange and dualistic operations of double-faced money, but also the villages are made helplessly dependent on the urban centres for management of their natural resources, establishment and maintenance of essential social services, adjudication of their personal disputes and even civil affairs and maintenance of law and order. While the modern system is making inroads in all spheres of individual life, there are no countervailing forces to provide the needed balance for a self-reliant community life in rural India. The inequitable equations between the urban and the rural, between the organised and the unorganised are inherent in the contemporary situation. Unless the basic model itself is changed, a lasting solution cannot be expected.

Taming Technology

We may begin with the economic system itself. While drudgery must be eliminated with the use of modern science and technology, man cannot be deprived of the minimal opportunity of physical work without de-humanising the system itself. Physical work is not a dispensable attribute of man; it is an essential condition of human civilization and culture whose vitality has been maintained by the toiling masses through the ages notwithstanding the deadening influence of its decadent elite. It is in the holistic frame of responsible relationships in the family, in the face-to-face small group comprising a community that human bonds are established and nurtured which are not amenable to be formally defined, precisely quantified and also to preparation of fine balance-sheets as in an impersonal commodity market. As the ambit of such non-quantifiable social and economic relationships shrinks, the quality of life itself deteriorates; instead a plethora of formal relationships is gradually piled up crushing the human spirit underneath. Gandhiji abhorred this trend. He instead called for establishing a different order. He said let all human activities be organised in the form of an ever-widening series of circles which are mutually supporting unlike a pyramidal structure in which lower the stratum higher the weight it is required to carry.

In this frame each community, howsoever small, will be the centre of all activities so far as its members are concerned, who will contribute their bit to the larger circles according to their capacity and in turn draw upon the strength of those larger circles according to their needs. Thus, every small community will be simultaneously at the centre as well as at the periphery depending on the role perspective which may be visualised for the time being. This frame should inform all facets of people's life—economic, political and administrative. For example, all economic activities which can be performed at the village level should be performed at that level. The next larger circle comprising a group of villages should assume the responsibility of meeting the next set of economic needs feasible at that level, and so on, upto the national and global levels. In this process the basket of goods which may have to be set apart for large scale mass production in big centres will be the minimal.

Here we face an important policy issue about technology. The basic premise in regard to the use of technology should be that it is not the human society which should adapt itself to the dictates of technology but it is the technology which should get adapted to the dictates of social situation. The myth of inexorability and autonomy which has grown around technology has to be exploded. It is obvious that technology should have moved in a direction most suited to the needs of the countries where it was born and nurtured. It so happened that the resource potential of these nations was virtually unlimited. They could simulate the status of an elite group in the world economic community and transfer the less congenial drudgery to the rest of mankind. Modern technology, as we see it, is indigenous to the advanced countries and, therefore, by definition exogenous to the developing countries. Accepting the technological parameters evolved for an entirely different global context for our national frame would mean accepting the same global socio-economic relationships within the national microcosm. In fact, this is precisely what is happening in our country, perhaps inadvertently, under the bewitching spell of technological miracles in the unfounded fond hope that what is unfolding today is merely transitional and not inherent in the technological choice which is being made. That technology can be adapted to the socio-economic milieu of a nation has been proved beyond doubt by the spectacular achievements of Japan. That non-economic considerations can force the choice of technology is proved by the rejection of the faster and more efficient Concorde in favour of the slower planes more amenable socially. Khadi was not merely a symbol of a liberated national spirit but also an effective economic weapon in the hands of freedom-fighters which now continues to provide the only possible support for millions of poor notwithstanding the impressive achievements of industrialisation in our country.

It will be necessary at this stage to distinguish scientific temper, the quintessence of modern civilization and a concept which is unchanging and universal, from technology which is a variable element and has a contextual dimension. Use of technology and inculcation of scientific temper do not necessarily go together. If a nation fails to imbibe the scientific spirit, it is bound to be poorer culturally notwithstanding phenomenal technological advances and spectacular economic development achieved by it. While there can be no limits to the cultivation of scientific temper, the technological input has to be strictly defined by each nation, nay, each local area and community according to its physical situation and socio-economic goals.

Inadequate appreciation of this difference has led to superimposition of inappropriate technologies in the name of science. Even appropriate technology is a misnomer since it is taken to mean merely a smaller version of the large machine. The basic question is not about taking the available technology to the village and reducing the size of the machine to suit the scale. The crux of the matter is to make a complete about-turn and understand the problems which the people are facing in their respective contexts and help them to overcome those hurdles. It will be necessary

to build up on their skills taking advantage of the fund of new scientific knowledge and infuse the common man with a new confidence and dynamism. In fact, he is already exhibiting these qualities in ample measure wherever he gets the opportunity to do so. This aspect is unfortunately missed by the policy makers and even scientists when they look at the rural scene and the world of the poor from a distance. If the process of gradual building up of technology and skills of the people is suitably guided and supported by the advanced centres of science and technology, each village and the successive circles around it will be able to take full advantage of whatever the new science and technology has to offer after being adapted to their respective situations.

The scale of operation could increase as the circle becomes larger reaching the highest point at the national level. In this model each circle will represent the residual tasks, in contrast to the all-embracing centralisation of economic activities on a variety of pleas like economies of scale, dividends of high technology and such like, leaving only the residual to the small community-centred Village India, now relegated to the status of periphery in the national economy.

Technological Dualism

Improvement of the general technological and skill-base of the national economy has two facets which need detailed consideration. It should be clear at the outset that the search for appropriate technological parameters should be distinguished from uninformed attack on the machine and the so-called modernity with nostalgia for a bygone Golden Age. This should essentially comprise a national endeavour to cultivate scientific temper and internalise the processes of technological change taking advantage of the advances already made elsewhere in the world by keeping the windows open but remaining firmly rooted in our own soil. Technology should become instrumental in strengthening the economic base without violating either social equity norms or ecological constraints. It should enable the common man to attain the nationally accepted minimum consumption level of physical goods, to enjoy an increasingly higher level of social services including education and health and to lead a rich cultural life.

As we have discussed earlier, at one end of the spectrum, science will have to be pressed into the service of mankind for removing all forms of drudgery, but with due caution so as to ensure that the dignity of labour as an essential condition of human civilization, particularly in the context of our situation, is fully maintained. On the other extreme, in certain fields it will be necessary to adopt the latest technology available anywhere in the world. Defence preparedness, until such time as a new international political order is established rendering it unnecessary, is an obvious case though even here we as a nation have opted out of the nuclear race. Similarly, there is no reason why the access to good medical care should be restricted to the affluent. Even the common man should be provided the best health services taking full advantage of the latest advances in medical science anywhere in the world. In some cases the position may not be as

unequivocal as for defence and health services. For example, while the transport system should be continuously modernised to effect necessary economies and provide the infrastructural support to the national economy, yet the overall size of energy-based transport and its internal structure will have to be decided keeping in view the ecological constraints. The entitlement for the use of energy-intensive transport and access thereto will have to be regulated with due regard to social equity norms. Thus, a modern public transport system and quality bicycles privately owned should coexist. While best airconditioning facilities may be aimed for the entire health care network in the nation, private homes may have to remain satisfied with ordinary ceiling fans. In some cases the latest technologies may be totally ruled out. The tractor is an obvious case in the context of teeming millions engaged in agriculture with no prospect of alternative employment opportunities. But the traditional technology for lifting of water manually or with bullock power may be replaced by the latest mechanical devices. Similarly automation may be ruled out in the textile industry which is best suited for decentralised production at the village and a group of villages levels. While elements of drudgery in this industry may be eliminated gradually, the scope for creativity through introduction of new designs and art forms can be enlarged which practically has no upper limit. These cases are just illustrative which underline the need for a new conceptual frame for the use of technology in our country, which may be designated as technological dualism.

Having accepted the need for a new concept of technological dualism, it will be necessary to define it precisely. In particular, it needs to be distinguished from the prevailing chaotic technological plurality spanning a wide spectrum from the most primitive technologies in some sectors like shifting cultivation to the most sophisticated technologies in some of the modern industries. The national industrial policy, which provides the basic frame for choice of technology, is too general. It is amenable to widely varying interpretations and, therefore, incapable of prescribing a precise growth path. But the most crucial point in the prevailing milieu is that catching up with the advanced countries following their paradigm of development is accepted as the national goal without appreciating the basic differences with regard to the respective manpower-natural resource configurations discussed earlier. The implicit premise for adopting this approach is that since technology provides the motive force for structural transformation of the national economy as is clear from the case of advanced countries, parity can be realised only by attaining the high levels of technology obtaining in those countries. Consequently, the present state of technology in various sectors of the national economy is taken as transitional which must give way to advanced technology in course of time. But we have seen earlier that this is not feasible in the context of the population-resources matrices of the fifth category nations. Therefore, technological dualism accepts two distinct levels of technology as a part of the national development paradigm. The choice of technology at both

the ends of the spectrum has to be made on rational considerations. While the opportunities and potential created by the latest advances in science and technology within the country and outside have to be fully utilised these have to be strictly subjected to the boundary conditions imposed by the national social goals and ecological constraints. In the present situation of our country the general norm which should be followed while making a choice about technology should be that it should be labour-intensive but drudgery-free. While it should take advantage of and assimilate to the extent possible the latest advances in science, it should be capable of being adopted by the common man in any village throughout the country. The most sophisticated technology, which may be capital-intensive, should be confined to certain clearly defined areas like basic industries, defence, communications, transport and health services. It may be added here that as technology itself is changing fast, no rational frame can be static and the two sectors of dualistic technological structure will have to be regularly reviewed.

An important issue about technological dualism is the associated social and economic paradigms. As we have seen earlier, in contrast to the situation in the advanced countries, where inter-sectoral equations within the national economy are not allowed to diverge beyond a limit, the levels of income in our country are directly related to the level of technology. While 'unskilled' labour is not getting even sufficient remuneration for physical sustenance, fabulous perks and pay packets are commandeered by those located at the other end of the skill spectrum. This differential cannot be accounted for even partly as a return for the cost of long training. It essentially arises in a situation when huge additives, which are accruing to the national economy through technology-transfer from the advanced countries, are being cornered by those occupying vantage positions. Unfortunately, this aspect has not claimed due attention so far. Instead of critically analysing the basic causes facile explanations of these disparities are sought in the operation of free market forces which are accepted as a part of the economic system, though within certain limits. It must be unequivocally stated here that the present disparities are not due to the operations of the market economy but are a direct consequence of the monopolistic stranglehold which the vested interests have acquired on those crucial points where huge unearned dividends are accruing to the system. Mopping up of these additives by the State for investment in national development is a precondition for a rational choice of technological alternatives. It may be clarified here that the Nature's contribution and additives not relatable to individual labour such as those due to technology accrue in many spheres of the national economy. In those cases where these benefits accrue to the common man such as to the members of a tribe living in a forest, to a small owner-cultivator or to a craftsman, the social goals are automatically served. The State need not attempt arithmetical equity and get busy with collecting the Nature's contribution and other additives and then redistributing the same.

Any such attempt is bound to result in huge frictional losses and degenerate into oppressive measures against the poor. The real issue with regard to the mopping of extra benefits relates to the modern sectors which are exercising monopoly controls and cornering huge unearned benefits. An equitable national wages and incomes policy rigorously enforced will create favourable conditions for making rational choice of technology within the frame of technological dualism without accentuating the social and economic dualism in the country.

At this stage a word about the role of scientists and technologists is also necessary. The bulk of our science and technology is borrowed and is relevant to conditions in the countries of their origin. As discussed earlier, even the first step towards internalisation of science and technology has not been taken up so that it can become the real motive force behind structural transformation. It is unfortunate that even the need for such internalisation is not being appreciated. Like other partners in the system, scientists and technologists have also largely turned into brokers. They are getting a share in the benefits which are accruing to the modern sector due to the transfer of technology from advanced countries. These mechanical aspects of use of science hardly satisfy the creative urge of the real scientist; some of those who feel frustrated join their peers in the advanced countries to participate in the adventure of science but a large number flock there just for the sake of making a fast buck.

There is a real dilemma for an average sensitive man of science. There are fabulous rewards in store for a scientist if he devotes himself to the problems concerning the modern sector, which is more like an extension of the economies of the advanced countries rather than a part of the national economy in many ways. Not only can he aspire to get recognition in the larger world of science and technology but his position even within the country largely depends on the grading which he can earn there. Moreover, there are some inherent advantages which he enjoys in the modern sector. Most of the problems relating to this sector are being tackled by groups of scientists and technologists elsewhere and the scientist in the developing countries has only to join those groups and hopefully acquire a niche in that system. There are some obvious disadvantages and handicaps as well. The infrastructural facilities for research and development in the advanced countries and in the developing countries are incomparable. Consequently, most of the scientists working in the country are really obliged to partake in a keenly contested handicap race. Some of them are able to make the grade notwithstanding the handicap while the vast majority have to remain content with the reflected glory of world-wide scientific advancements and some small contributions of their own here and there. Even these minor contributions, however, are sufficient to yield them as individuals large dividends as respectable members of the power elite in the country.

It is a pity that the great task relating to the building up of the skill and the technological base on the other side of the line in the dualistic frame appears to be too mundane and lustreless to claim any serious attention

of the scientific community, notwithstanding some rare exceptions and the highly publicised ritualistic lip service paid to them from the highest pedestals. There is no appreciation of the fact that an individual opting for that side of the line may have to plough a lone furrow in an uncharted area, without any ray of hope and perhaps even any prospect of small recognition for a long time. The experience with regard to the selection of scientists for some national awards instituted recently is also a pointer in the same direction. The field of choice is not very large as not many people are devoting to that great task. Such adventurous scientific explorations are particularly at a discount in a milieu of quick success. It is hardly realised that the foundation for all great scientific ideas associated with big names is invariably laid by innumerable faceless predecessors in the field. In this context there is urgent need for a drastic change in our priorities of scientific research and extension. The focus must now shift to the problems of common men in all spheres of national life—agriculture, household industry, health, nutrition, child care and such like. The indigenous capabilities in high technology for the modern sector can be largely built up by borrowing from the advanced countries. In fact, basic researches in those areas may be expensive, wasteful and infructuous. But internalisation of technological advance through inculcation of scientific temper informing the vast multitude has to be taken as the biggest challenge for the most talented in the country for which necessary resources should be provided in full. Moreover, since those who join the formal modern sector group can be expected to get recognition in the international community, the national honours and recognition should be reserved primarily for those who take the more arduous task of laying the foundations of a new technology in the traditional areas in the spirit of a real challenge to the ingenuity of man.

Ordering the Organisational Frame

As the technological base undergoes change, a variety of stresses and strains usually appear in the socio-economic structure of the community which are slowly relieved as the organisational frame gets suitably realigned. It may be reiterated that while technology does influence the basic concepts, institutional designs and formal organisations, there are no set patterns which must be accepted in all situations. The spectrum of alternative choices which are available to a society is quite large. But each set of these alternatives has implications for equity. We have accepted the need for evolving a dualistic structure of technology for our economy in the context of three specific parameters, viz., (i) the short term and also the long term social goals, (ii) the national manpower-natural resources matrix, and (iii) the global economic and political order. However, extra caution will have to be exercised to ensure that technology even within the policy frame of technological dualism is not used for rationalisation of inequitous elements in the national economy in any form whatsoever. The most insidious way of introducing such elements is to influence, vitiate and

distort the basic concepts themselves so that whatever unfolds appears as a natural corollary of some inexorable laws. It is, therefore, crucial that the basic concepts themselves are so defined that inequitous elements therein regardless of their outer form and supporting rationalisations, are eschewed completely and equitable relationships are worked out informing all spheres of national life. These formulations and relationships will be relevant both for working out a broad strategy and for preparation of detailed programmes for eradication of poverty.

Let us begin with the concept of poverty itself. When we speak of a poor nation, a poor region or a poor community, poverty is merely a statistical abstract which may be indicative of certain economic attributes like income, or physical attributes like natural resources. Poverty becomes a tangible and a real phenomenon only when it has reference to individuals, usually a family, since family is the only organisation in which all relationships are defined in terms of responsibilities and obligations and the economic conditions of its members are undifferentiated. Poverty is usually taken as an indicator of the level of income or the level of consumption in a family with reference to certain norms which may be accepted for a people. Even though such measures of poverty are unsatisfactory, they are the ones which are most readily available and can be used with ease, if necessary, with some adaptations. Nevertheless, in the context of the conditions in our country, a two-way classification of poor and non-poor is not satisfactory. The spectrum covered by the term poor is very wide. There is an identifiable zone below the poverty line which comprises people facing conditions of severe deprivation and destitution. The arithmetic of incomes is inoperative at these levels and some other precursors become relevant for their identification.

The condition of life in a family depends on the attributes of its individual members like state of health, skill endowment and such like as also the place of family in the complex social and economic formations. For example, an important determinant of the economic condition of a family will be its physical location which may be rural or urban in any one of the geographical regions of the country. Similarly the economic condition of the social or economic group to which a family belongs will also have a bearing on its conditions. The inter-group and intra-group relationships may be embedded in the tradition as in the case of caste or may be governed by a formal institutional frame like a contract between labourers and landowners. The institutional frame is endowed with the strength of the entire system. Consequently, the individual, the family and even a small group may be completely helpless in the face of adverse relationships sanctified by the system, traditional or modern alike.

Our analysis in Part I has clearly brought out that the processes of deprivation relatable to institutional causes are extremely powerful even though they may be apparently innocuous and even imperceptible. A serious problem about them is that they are accepted as a normal condition of life even by their victims. It is an irony that while most of these

relationships are amenable to be corrected through State intervention, that possibility is slurred over and even discounted drawing on experiences of incomparable precedents. That the practice of untouchability cannot be eradicated by making a Constitutional provision alone is accepted, yet the fact that untouchability stands abolished under the Constitution has not been used to provide the needed support and thrust for eradication of that biggest social evil. While limitations of a Constitutional provision or State action in a matter having deep-rooted social prejudices can be appreciated, the same analogy cannot be extended to other crucial issues like universalisation of education. In the wake of Independence in a milieu of great expectations and enthusiasm all round these Constitutional goals could have been realised if stronger institutional support were provided. Elementary education could have been made compulsory and any expenditure thereon the first charge on the State exchequer. We will, therefore, focus our attention on institutional measures which can directly or indirectly improve the conditions of the poor.

Social Institutions

CASTE

Our society is organised on caste lines. It has greatly influenced inter-personal and inter-group economic relations and is one of the major determinants of the structure of our traditional economic institutions. Some of the pernicious facets of caste like untouchability, which has perpetrated the worst forms of exploitation of the members of the Scheduled Castes, have been formally disowned after Independence, but the progress towards a new balance free from caste prejudices is halting and tardy. It is recognised that the command over resources in the traditional rural setting follows caste lines, yet that remains a mere statement of fact with no correctives in sight. That in an egalitarian society there is no place for caste has been unequivocally accepted in our Constitution. Nevertheless, caste continues to play a crucial role in the new dichotomous stratification of our society. Caste is the major influence in the power game of politics. Caste serves as an invisible infrastructure which provides invaluable support to individuals for entry, settlement and advancement in the modern sectors of our economy. These new facets of caste are no doubt occasionally alluded to, but only superficially. The result is that the real significance of caste factor, which is clear from our earlier analysis, has gone unnoticed and remains unappreciated.

In the mixed economy comprising the traditional and the modern systems, certain patterns are becoming increasingly clearer. The members of higher castes have started in modern India with a dual advantage. Firstly, they had command over a major part of natural resources in the rural areas. Secondly, they were better prepared for entering the modern sector by virtue of their proximity to the new centres of power and also because of their lead in education. Consequently, they have succeeded in

cornering a major share in the new opportunities of the modern sector. As the members of higher castes are shifting their base to the modern sector, the scenario in the traditional sector is also changing, though somewhat slowly. In many areas the members of upper castes are tending to become absentee landlords, with the result that the members of middle castes are assuming local leadership. These castes are not only numerically dominant in many areas, but their members are also acquiring the land which is being transferred by the members of higher castes. As we move below this level, the traditional occupational groups who belong to still lower castes are, by and large, being rendered still more vulnerable and are being forced to join the ranks of landless labourers. As the pressure on land for agriculture is increasing those castes which earlier subsisted on common lands and marginal lands are being pushed out from their traditional occupations without any viable alternative. As we move to the other margin in the tribal areas, a substantial section in this group is being rendered resourceless because outside the forests there is no further agricultural land and within the forest they are deemed to be encroachers. Thus, there are three distinguishable layers in our national economy, viz., (i) the modern sector which is dominated by the members of upper castes and is easily at the top, (ii) the traditional agricultural economy which is under the command of upper and middle castes, and (iii) the resourceless landless group which forms the substratum of the rural as well as the urban economy. This group comprises largely the lower castes including members of the Scheduled Castes and also some members of the Scheduled Tribes.

The above caste-based economic classification is obviously an idealised presentation of the socio-economic scene in the country and is indicative of a trend. While bulk of the members of a caste may be located in one economic stratum, some of its members may be found in other strata as well—higher and lower. Thus, there are some poor Brahmans and there are some rich amongst the Scheduled Castes. The general economic condition of the members of a caste as a whole cannot be held against a person belonging to that caste who may really belong to the category of poor. Nevertheless, the fact that caste is currently playing an important role in the dynamics of development in our country cannot be ignored. We have the well-known phenomenon of social bypass. If a number of persons, who are economically at the same level but belong to different castes, comprise the target group in any programme of development, experience shows that those belonging to the higher castes move up much faster leaving those belonging to the lower castes far behind. This has nothing to do with their personal capabilities, innate or acquired. The main contributing factors for this phenomenon are their social background and favourable response from the system. The principle of positive discrimination has, therefore, been accepted as a part of Constitutional obligations so that the influence of caste is fully neutralised and every citizen gets equal opportunity in the national economy according to his innate capability and individual effort.

The policy of positive discrimination is highly relevant and can be greatly effective when a nation decides to break away from its past burdened with inequitous social order and makes a determined bid to establish an egalitarian social order in which both poverty and affluence have no place. But in case equity is relegated to a secondary position and differentials in the economy are allowed to grow, as is happening in our country at the moment, the principle of positive discrimination may get distorted. The scramble for a share in the huge undeserved gains at the affluent end in the economy under the guise of a high principle may become the order of the day while the basic issues at the poverty end may be completely ignored. In this context the leaders of each small group or caste will assert their identity and join the fray, rendering the wholesome concept ineffective and even the national goal of establishing a social order in which caste will have no place. A determined effort for establishing an equitable social order is a precondition for a meaningful policy of positive discrimination. Equity and positive discrimination are two sides of the same coin; neither of them can be conceived in isolation without equal emphasis on the other.

There are three different aspects of positive discrimination which will have to be suitably articulated and effectively implemented before we can neutralise caste factor completely from our national life and reach the final goal. These are related to (i) employment opportunities, (ii) opportunities for self-employment, and (iii) command over means of production and ownership of property. Caste-based equity in an inequitous economic system would demand parity for all castes with regard to all the above three elements in the national economy. So long as the forces for equity are weak, the demand for caste-based equity cannot be ignored. In that process some members of different castes are likely to get a better deal though without making a big difference for the general situation. However, even these limited gains are real and can be taken as a symbol. Therefore, they are likely to strengthen those social processes which may question the very basis of inequitous order and may force the system to critically re-examine the basic premise which may be militating against equity.

The Constitution specifically recognised only two groups for the purposes of positive discrimination, namely, the Scheduled Castes and the Scheduled Tribes. It may, however, be necessary to note that there are two basic differences which distinguish these two groups from each other. Firstly, while members of the Scheduled Castes are placed at the bottom of social hierarchy, members of the Scheduled Tribes are located at the margin in the economic system. Secondly, members of the Scheduled Castes are largely resourceless but members of the Scheduled Tribes have been enjoying effective command over substantial natural resources. Thus the basis of positive discrimination in the two cases is quite different. Consequently, the emphasis in relation to the three aspects of positive discrimination mentioned above will have to be quite different in the two cases. For example, the main issue in relation to the Scheduled Tribes is to ensure

their continued command over resources. But in the case of the Scheduled Castes the very first step has to be the formal acceptance in principle of their claim to an equitable share in all assets. Some other caste groups have mixed characteristics comprising some elements of social discrimination and/or some elements of economic marginality.

While it may be conceded that caste cannot be the only factor in any scheme of positive discrimination, in the absence of a set of agreed criteria and quantifiable attributes which can be assigned due weightages, caste remains the only dependable basis for that purpose. The case of the Scheduled Castes and Scheduled Tribes is so obvious that there is national consensus about positive discrimination in their favour on the basis of caste alone. The Constitution also recognises the possibility of positive discrimination in favour of some other backward classes as well. But there is no consensus about the caste groups which could be given that privilege and all efforts for working out caste-cum-economic criteria have proved to be infructuous. The main reason is that there are some inherent contradictions in this approach. Some caste groups are known to be economically strong even though they occupy middle rungs in the social hierarchy. They do not have a fair representation in the modern sector because they were not ready for participation in it when the new opportunities arose in the national economy. The basic issue in relation to these middle castes is not their weaker position as a caste group but the adverse impact on their relative economic situation due to the operation of inequitous processes against the traditional sector which continues to be their mainstay. If the inequitous inter-sectoral equations are corrected, the scramble for positions in the modern sector and the rush to urban centres will substantially relent.

It is thus clear that there is need for positive discrimination in favour of all resourceless poor in the country irrespective of the castes to which they belong. But the policy of a special dispensation of positive discrimination in favour of the Scheduled Castes and Scheduled Tribes stands on a different footing. Reservations in public service initially for the Scheduled Castes and Scheduled Tribes have no doubt helped in vertical mobility and enabled some members of those communities to partake in the benefits accruing from the modern sector. Yet in the larger national context they are mere palliatives. Moreover, after the arrival of the first generation beneficiaries in the modern sector the scope for similar mobility for the really poor sections amongst them is getting increasingly reduced. While reservations in favour of the Scheduled Castes and Scheduled Tribes should be continued, a stringent economic criterion should be added as a condition for eligibility so that a larger section amongst them may get the privilege of entering the modern sector. Since those who are already in it will be obliged to face a stiffer competition, the new challenge will help them in realising their full potential. This will set a good example for emulation by others and significantly add to the betterment of the community as a whole. However, it should be clear that reservations are not even a partial solution of the

basic problem. The real remedy lies elsewhere.

The inequitable traditional relationships particularly in rural areas have become much harsher as the rural economy itself is at a great disadvantage. A better deal to rural areas is a pre-condition for improving the economic conditions of the lower caste groups living there. Further, it is unfortunate that the policy-makers have not only failed to recognise and appreciate the value of services and skills of traditional professionals and artisans but the latter are facing the worst backlash of development. Such of their activities as are more agreeable and those which can get the benefit of modern technology for attaining higher productivity have been taken over by the modern sector, leaving to their fate the disagreeable parts and forcing on them stiffer competition from the better organised. A massive programme for improving the skills of the artisan class and extending the fullest benefits of modern science and technology including training of their members in the relevant technical branches to the highest level should be taken up. They should be helped in creating their own organisations for serving all their professional needs so that the fullest benefits of their trade accrue to them. The relevant lines of production should be exclusively reserved for them. Lastly, the essential services rendered by these castes to the community like scavenging, disposal of dead animals, maternity and such like should be accorded a higher professional status and fully paid for by the State wherever necessary through subventions, rather than leaving them to fend for themselves under extremely adverse conditions since most of those whom they serve themselves are poor. Thus, the basic issue underlying even caste relations is their transformation into economic relations and ensuring that in the process the benefits accrue to the relevant groups through equitable valuation of their skills, upgrading them wherever possible, providing the necessary technological support and organisational infrastructure attuned to their needs.

As the traditional occupations get a better deal, the economy of the concerned caste groups can be expected to get stabilised even in the new economic setting. Moreover, these occupations will gradually acquire professional character. Therefore, the traditional malevolent association between the caste and the occupation will become weaker and gradually fade out. However, the next step of enabling members of the Scheduled Castes to get a reasonable share in the new opportunities for self-employment in the modern sector is a more difficult one. Bulk of these activities are in the private sector where family, caste and informal relations are crucial for success. The institutional support at the moment in this area is so weak and highly formalised that it can hardly help the beginner in a new unknown world with innumerable question marks, indeterminate situations requiring risky hard decisions and capacity to sustain in the event of successive setbacks. The success stories of closely knit filial bonds and even larger caste groups having a sense of identity in a variety of fields including business and industry amply testify to the part played by the informal support with understanding. Such support is made possible

largely due to the perception of the established units about the new ones as an extension of their own identity. However, there are many areas where the support of the State by way of finance, supply of raw materials, import of technology or in the form of an assured market is crucial for success. In these cases the individual's role is essentially that of an instrument within a larger, more or less stable and established frame. A big horde of supercilious entrepreneurs in the modern sector owes the success to the realisation of this potential and crafty capitalisation of the opportunity. This area provides the most favourable setting for entry into the modern sector of those who belong to the underprivileged groups. Members of these groups, however, will have to be provided as a part of the Constitutional obligation for equity in their favour, a complete package of supporting services by the State as may be necessary for establishing them successfully in that sector.

The last element in positive discrimination relates to an equitable share in the means of production and ownership of property. This is the most difficult one. We will be discussing some of the important points in this regard in a following section. It may be sufficient to state here that the new resource-base which is likely to be created as a result of change in the pattern of use of resources, application of new technology, etc., should be exclusively reserved for the resourceless poor with a reasonable share for members of the Scheduled Castes and Scheduled Tribes. Moreover, it should also be ensured that those resources which are marginal with reference to the current use do not slip through the fingers of the poor as they acquire a higher potential and greater economic value in the changing context. The notable examples in this regard are a variety of the so-called wastelands and also marginal agricultural lands. Similar is the case with forests in relation to members of the Scheduled Tribes where the other party is the State itself. The minimum which should be done in this case is that members of the Scheduled Tribes, who have traditionally enjoyed the command over the forests, should be accepted as equal partners in their management and co-sharers in the fruits of development.

GRAM SWARAJ

The inequitous social relationships of yesterday have acquired a new form as the village community has been divested of the inalienable democratic right of self-management. As decision-making concerning management of natural resources, dealing with interpersonal disputes of civil or criminal nature, matters relating to succession and such like now vests in distant seats of authority, the rural community is subjected to unspeakable humiliation and insidious processes of deprivation. It is an irony, perhaps a hangover of the colonial style of governance, that issues like who owns the land, who are the poor, what is the best possible use of natural resources, whether the teacher and the medical man are attending to their duties or not, what could be the design of the school and whether work has been executed satisfactorily, whether children have received the benefits of

nutrition programme, whether a marriage is incompatible and divorce should be granted, who committed theft in the neighbour's yard and such like are to be decided by authorities outside the village. These questions are outside the purview of the community which is not only most competent to give the right answer but is also deeply concerned with the right answers.

The sovereign power in a democratic nation rests with the people. But with the advent of modern institutions the people in large nation-states get alienated from real power which dwells in parliament and legislatures and acquires visibility in the form of state apparatus and formal institutions and organisations. While the economy of small communities got weakened gradually over a long period, bit by bit, as they faced competition from new centres of economic power, the collapse of their self-governance was sudden and complete. The position has not improved even with the establishment of democratic institutions after Independence. In fact, their position has become weaker with the phenomenal growth of state apparatus and formal institutions. Democratic decentralisation as generally conceived can mend this situation only marginally. Firstly, there are at least two distinct tiers, viz., district and block, even between the formal seat of authority at the State level and the face-to-face community in the village, which is the only level where people can exercise the power of self-governance in the real sense of the term. If some powers are delegated to institutions below the State level like Zila Parishads and Panchayat Samitis, these centres will no doubt be nearer to the people and may be more approachable, yet they will in essence simulate the formal authority structure of the State and will suffer from the same inherent dichotomy of people vs. formal institutions. Secondly, any scheme of delegation of powers has to be specific and consequently limited and circumscribed. The authority of the State, on the other hand, is unlimited subject only to Constitutional constraints.

The real life situation is very complex; it cannot be neatly divided into non-overlapping sectors some of which could be dealt with by local institutions and others by the State. Moreover, what is supposed to be given or delegated in a smaller frame can be effectively negated by even some well-meaning decisions in the larger frame. The issues which are being agitated currently in respect of Centre-State relations are a pointer in the same direction. Moreover, the authority which delegates can always use its prerogative of issuing guidelines, imposing conditions or even withdrawing the same in part or in full. This is exemplified by the experience of Panchayati Raj institutions in Maharashtra. Lastly, and what is the most important from the people's angle, any formal authority even at the village level will necessarily have to be governed by the rules and the frame bestowed on it by the State. This frame is usually personified by the officials who man the system and hold the key to that mythical world of the formal system with extensive provisions for appeals, revisions and reviews at superior levels. Again, the inherent contradiction in this arrangement is that the community, which is the most competent body to deal with such matters and which can

be expected to be guided by the spirit rather than be bound by the form, does not have the final authority.

One of the essential conditions for a realistic and judicious behaviour of any group is the realisation that it is their judgement which shall prevail. The moment there is a feeling that someone else is the final arbiter, the perception changes and the approach may become perfunctory, irresponsible and even partisan. It is unfortunate that notwithstanding the Gandhian ethos in which the Directive Principles of State Policy were formulated, the people have not been trusted so far with the governance of any facets of their life. The only exception is the Constitutional provisions in the Sixth Schedule under which Village Councils have been given almost full powers of self-governance. The quality of life and the economic condition of the people in these villages under the Sixth Schedule in the North-East which have been spared the processes of deprivation perpetrated by the modern system, are entirely different from those of the tribal people living in central India. These people also started from the same base but in their case the traditional institutions have been under great strain and are vanishing since they did not enjoy similar privilege of self-governance.

While Village Councils have functioned effectively in the North-East in accordance with their tradition even under the changing circumstances, the story of District Councils is entirely different. District Councils have been designed simulating the modern formal structures. They have remained rather ineffective even though they are visualised as the third tier of politico-administrative institutions below the State in the Sixth Schedule areas. While there are some other important reasons as well for the failure of District Councils to assume the roles and responsibilities cast on them, the basic difference between Village Councils and all other institutions is that the former are people's bodies which are governed by their own traditions. They function in face-to-face situations where every member of the community knows what he is expected to do and how he should function. It is this inherent strength and its realisation by the common man which is a guarantee for their effective and judicious function.

It is thus clear that like economic activities all other functions of the community must be organised on the principle of ever widening series of concentric circles. Village Councils should comprise all adults in the village. They should have full authority in relation to the various facets of their day-to-day life. This should not be in exercise of some powers delegated to them from a higher centre of authority. This should be accepted as an inherent right of the people and embedded in the very concept of democratic society. All other institutions may exercise jurisdiction over only those residual matters which can be better handled in a larger frame and the relevant powers may be shared amongst different tiers of formal institutions at the block, district, State and national levels.

This above formulation includes law and order, as also justice. Consequently, a major restructuring of the police and judicial organisation is

necessary. While police force has grown phenomenally, law and order has nearly broken down particularly in rural areas. Adding more of the same in this system will not improve the situation, it may even worsen it. It is clear that Gaon Panchayats and Mohalla Committees, which will be the most concerned with these and other issues, should be unequivocally entrusted this responsibility and made answerable for any situation which may arise in their respective areas. A substantial part of the police force will be rendered surplus which can be re-deployed suitably for other duties. Similar is the situation on the judicial front. The establishment of *Lok Adalat* is no doubt a step in the right direction but its frame is too narrow and falls far short of the needed change. For most of the disputes in the villages there should be no *Adalat* whatsoever except the Village Panchayat. Only then can the village community be expected to become a responsible, responsive, self-reliant and forward-looking body.

While the above premises may be accepted without reservation in relation to tribal areas, where the community is functioning and the society is not highly structured, some genuine doubts may be raised about their applicability in the rest of the country where village society is highly stratified and has become further fragmented politically in recent years. For example, an important question is whether the poor and weaker sections in the village can expect to get their due from a Village Council dominated by powerful people notwithstanding the fact that the poor may comprise a substantial proportion of the village population or may even have majority. There are two facets of this issue. Firstly, it must be clearly understood that a face-to-face situation, in which the people of all hues and colours including the weaker sections participate, is entirely different from the situation in formal forums where members of the weaker sections do get a hearing even through their representatives. The former is a known world while the latter is unknown whose mysteries are beyond them. It is the mystique of the formal system—its objectives, procedures for decision-making and implementation—which makes the people silent witnesses even to the visible blatant misuse and malfunctioning. Moreover, the real authority and consequently the responsibility rests elsewhere at higher levels. The basic point is whether the people in the village can be taken into confidence, explained the objectives, provided the necessary resources and made responsible for implementation according to their own wisdom without any strings attached with minimal support by way of advice, and not directions, subject unequivocally to their final judgement about the way the resources are to be used and used properly. A single exception to this rule may upset the delicate balance by undermining the confidence and sense of responsibility of the people. The secret of success is the trust in the people which is the essence of democracy and any deviation therefrom is its blatant negation.

If we examine the village scenario in detail we will find that on many an issue like the running of educational and public health institutions, all sections of the community are equally concerned and would like them to

function efficiently. There is no question of misuse of power in these cases. If there are some issues which are beyond their comprehension they could be suitably advised. In economic programmes, however, a conflict of interests is inherent in a structured society if equity is accepted as the guiding principle. It is here that some basic questions arise. It may be conceded that as the distance from the scene of operation increases, the possibility of objectivity in decision-making increases while the possibility of extraneous influences decreases. Moreover, the State is more prone to depend on the apparatus which it commands rather than leave it to autonomous institutions which need not necessarily be in line with the thinking at higher echelons. The validity of this argument is dependent on two critical premises, viz., neutrality of administration and perfect communication of command down the line. These premises are extremely fragile as is borne out by practical experience. The longer the chain in the bureaucratic apparatus, the more likely is dissonance between the desired goals set at the top and the final achievements. That State apparatus is neutral is a myth. The administration does acquire the class bias of its functionaries. Moreover, the apparatus is also prone to lateral influences at all levels notwithstanding the nature and content of directions from the top. In fact, much of the political wranglings about power concerns the influence which individual members in the political system can wield, directly or otherwise, on administration. This results in an ambivalent situation. While the system may continue to maintain the outer form and the right public postures, it may, in effect, abandon the goals set for it and work assiduously to satisfy the local interest groups, who can thus wield the real power without taking any responsibility for the action.

The situation will not be the same even if the very same interest groups are unequivocally entrusted with the responsibility and this fact is known to the people. In that situation, firstly, the interest group itself would feel responsible and the more sensitive amongst them may provide the needed balance. Secondly, someone even from the weaker groups could afford to rise and question their judgement on facts which are bound to be clear and common knowledge in a face-to-face situation. The alibi of the mysterious administration working in unpredictable and peculiar ways would not be available any more and the results will have to be owned up by those in authority in the village. This will create conditions for better and more responsible functioning of village institutions as more experience is gained. The opportunity for misuse of power will be reduced drastically if the Village Council itself decides the method of work, etc. In essence, the remedy for malfunctioning of a democratic system is more democracy in clearer and unequivocal terms.

If the above premises are accepted, all supporting services in the village—social and economic—should be placed under the command of the Village Council. The necessary financial resources to cover fully the expenses of economic and social services entrusted to the Village Council should devolve as a matter of right under a suitable statutory or Constitutional

provision and should not be left to the discretion of the State. Even in the Sixth Schedule areas the Village Councils are handicapped in relation to some of the important functions like education and health which in the new setting cannot be discharged satisfactorily without necessary financial support from the State. Since there is no Constitutional provision regarding financial devolution for the functions assigned to the Village Councils, the governments in these States prefer to follow the example of other States. Even when they may be willing to assign necessary resources to the Village Councils, they may encounter tremendous resistance because of a rather rigid planning frame. The governments prefer to trust the administrative apparatus under their control rather than functioning through the Village Councils. In fact, in this arrangement the spirit of the Constitution is being violated and the Village Councils are finding it increasingly difficult to maintain their unequivocal traditional authority encompassing all affairs of the village, as a more powerful system directly controlled by the State is entering the scene and taking over the responsibilities clearly assigned to them by the Constitution.

If the basic premises of the above analysis are accepted, the outlines of institutional frame which may be in consonance with the spirit of democracy become clear. The village community should be entrusted with the fullest possible responsibility in relation to all aspects of day-to-day life of the people—social, economic, administrative, judicial and political. The personnel responsible for all these functions should be under their control. Adequate financial resources should flow to the village community for supporting these functions under a suitable statutory provision. A second tier of self-governing institutions may be established for a group of villages so that the experience in a small group of villages can be shared and the problems which cannot be resolved at the village level can be taken to a higher forum. This supra-village circle, say, *Anchala* should be small enough to ensure that the face-to-face situation can be simulated to a reasonable degree where the representatives of Village Councils can speak from their personal experience and check against it what they observe elsewhere. Beyond the level of *Anchala* should be the territory of formal organisations, may be, the Panchayat Samitis or the District Councils epitomised by the Union Government.

The administration above the *Anchala* should assume the role of an adviser; it should depend for acceptability of its advice on the strength of the logic of premises and superiority of skills rather than on the aura of authority. As a matter of principle Village Councils and even *Anchala* Panchayats should be open forums. The extension and administrative personnel should also follow the methodology of open discussion under the watchful gaze of the community so that the basic goals of development and objectives of individual programmes set by the State are conveyed to the people in such unambiguous and simple terms as they can follow and appreciate, lay bare the dissonance between the goals and the results, aberrations and deviations, make clear the implications of deviations such as

violation of basic norms, inadmissibility of expenditure with reference to the terms of grants and such like and leave the decision to the community. This will engender a new climate of critical appreciation of the basic issues involved and enable the community to move in the right direction, may be with some setbacks, doubts and scepticism. Once all experience is shared at the village as also at the group of villages levels, the inherent strength of the system will become clear. As people come to know about the small success stories elsewhere, they will be discussed and emulated since they would have realised that they have the final authority of decision-making.

As the load of detail is shed by the administration, its size can be severely trimmed. In that situation it will be possible to emphasise quality, right action and accountability. The administration should play the role of a catalyst, the interpreter of the national policies and goals within the visible local context of the people and within their understanding. The administrator should act as a social auditor laying bare the aberrations and deviations which could be brought to the notice of the concerned authorities to be resolved through mutual discussion as a part of the normal politico-administrative processes in a democratic society. The structural change in the administration will divest it of a sad legacy of the colonial days, namely, 'the ruler and the ruled ethos'. This will also reduce its crushing burden on the national economy which ultimately falls on the last man. But the colonial policy of dualistic emoluments which is reflected in the cheaper models adopted for rural institutions and the unconcern for the growing differential in the working conditions of personnel in the towns and in the villages should be revised forthwith. Besides ensuring that jobs requiring similar skills and similar responsibilities are valued equally irrespective of their location, those working in rural areas should be fully compensated for the hardships and lack of social services and other amenities, according to a graduated scale. This should become possible as the administration becomes lighter and the centre of authority moves nearer the people. The growing differential in respect of the quality as also the accessibility of social services, particularly education and health, for the poorer sections and the rural population as compared to those for the non-poor and the urban is seriously affecting the economic condition of the former. Equitable distribution of these services will relieve the poor of a great burden and will also substantially improve their earning capacity.

Urban Perspective

The basis of modern urban life is highly specialised economic activities, large scale organisations and increasingly formal relationships amongst the people as the community life is on the wane amongst them. This stands out in contrast with the situation in the face-to-face small communities in our villages. Therefore, it may be conceded that there are bound to be some differences in the structure and organisation of urban centres and villages. But the basic character of our urban development will have to be in consonance with the basic tenets of national life defined and determined

by the people most of whom live in villages. Therefore, it will be qualitatively different from that in Western countries where the national parameters are quite different. The national life in Western countries has been organised largely on the basis of global specialisation. There, what is essentially rural has been mostly set aside for the Third World countries and their own rural economy has adopted the urban frame taking advantage of the large natural resource base at their command globally and of high technology.

But India lives in its villages and ours is a rural civilization. Therefore, the mould of our urban life has to be basically rural in character. The rural and the urban should blend in a meaningful national hue in which the urban centres may become fountainheads of scientific temper while the villages remain the citadels of community spirit. As we have discussed in the previous sections, the urban areas should be responsible for residual economic activities, which will grow in absolute terms as the economy moves ahead, but their share in the total production should progressively decrease as the economic base of the villages becomes stronger. Similarly as the village regains the authority to manage all its affairs—political, administrative, economic and social—a mutually beneficial symbiotic relationship should get established between the two. As the urban centres shed their parasitic role, their growth will be in harmony with the overall national development in all spheres of the people's life.

There are two facets of urban development, viz., the pattern of urban growth and the internal structure of urban centres, which will need careful consideration at this stage. For a balanced economy the high rate of urban growth which is being witnessed after Independence must slow down and the spatial distribution of urban centres should become more even. We should aim at building up viable urban communities of optimum size which should have clearly defined linkages with their respective rural hinterlands as nodal points of institutional infrastructure and as centres of production of goods and provision of social services falling within their purview in the national scheme. The growth of larger towns, which are out of tune with the rhythm of our national life, should be effectively checked and steps taken to bring even the bigger urban centres in harmony with the rest of the nation. Their development should be suitably guided so as to enable the people living in exotic exclusion and dreary dens alike to join the mainstream of national life.

The structure of the new urban growth in our country is at variance with the structure of the traditional town in which the *mohallas* simulated the face-to-face village community. While at the one end anonymity of the crowd is engulfing the vast majority of urban dwellers, simultaneously exclusive colonies are being established for people of comparable economic status spanning from the poorest sections to the most affluent groups, which is creating a highly stratified spatial urban landscape. The intra-mural style of living of Western countries, a product of their harsh climate, has been accepted thoughtlessly as the model in our new towns. It hardly

provides any opportunity for informal contacts in the neighbourhood around which the community life can grow. In contrast, the traditional outdoor living style of our villages, again in conformity with benign nature, greatly facilitates engendering of community spirit. The common man in urban areas, in the absence of the self-managing community organisation, faces serious problems in dealing with a host of formal institutions concerned with various facets of his life—security, civic amenities, education, health and such like, even though he is somewhat better placed compared to his counterparts in villages. It is only in some unusual circumstances like breakdown of law and order that people in a neighbourhood may come together for a specific purpose and work together in unison. For reasons already discussed earlier, the limitations of urban life arising from the people's stratified and fragmented existence can be overcome to a considerable extent if the traditional *mohalla* spirit is revived and the neighbourhoods are planned consciously as face-to-face communities responsible for managing their day-to-day affairs. These should include maintenance of peace and order, adjudication of disputes, overseeing civic services in the area, management of educational institutions and health services. This will help in forging the neighbourhoods into vibrant communities which will be able to plan their working life and moments of leisure in a meaningful fashion as fruits of national development are shared in an increasingly equitable form by the common man.

Economic Institutions

(i) PROPERTY

We may now move to economic institutions. If equality of opportunity to all citizens as enshrined in the Constitution could be ensured in the real sense of the term, not only poverty will disappear from our nation but an egalitarian social order would become a reality. There are many constraints which tend to negate this basic stipulation, some of which we have already discussed. The most important economic institution at the root of inequity is property, the right to which was recognised in the Constitution, but was subsequently deleted. Nevertheless, the differential in property ownership continues to grow in the absence of a categorical national policy in this regard. The recent decision to abolish estate duty has removed from the statute book even the symbolic gesture in its support. The concentration of economic power continues to grow unabated notwithstanding the concern of the State about monopoly. In this milieu the initial enthusiasm about ceilings on land and its redistribution could not have been sustained for long. It is obvious that if a section of the people is allowed to amass wealth, it must be at the cost of other sections, particularly the poor, who either must have been subjected to processes of deprivation or must have been denied the benefits rightfully due to them. All arguments like reward for innovation, savings for capital formation and such like are spurious and have been fully exposed in our earlier analysis. Property is that tangible asset which cannot be hidden and, therefore, is

amenable to any regulation which a nation may decide to impose on the citizens. Since the right to property has already been removed from our Constitution, the next logical step of imposing stringent limits on property should be taken. Such a measure will not only have a large multiplier effect but its beneficial fall-out will inform all spheres of national life, particularly the economic conditions of the poor.

The means of production, although a form of property, stand on a different footing. Any individual in an egalitarian society should have a right to own the means of production and the tools of his trade sufficient to provide full employment to a family, but no more. If the relevant unit is large and not divisible in family units, all those engaged in productive activities associated with it should have equal ownership right on that unit. This situation is likely to arise more in the organized sector where poverty is not the basic issue. Therefore, we will not pursue this question in relation to the organised sector here and take it up for examination in a broader frame later on. So far as the small scale unorganised sector and agriculture are concerned, this premise of family unit for all productive assets can be adopted as a fundamental principle of national economic policy. This will cover a wide spectrum of economic activities. For example, a small retail outlet should be operated by the owner-vendor, the taxi, the scooter, the *tonga*, the cycle-rickshaw and the hand-cart should be driven by the owner-drivers. The weaver, the carpenter, the smith, the barber, the washerman, the shoemaker, etc., should be the owners of their respective establishments drawing, wherever necessary, on institutional support specially provided in each case. In the same continuation the tiller of land should become an owner-cultivator.

Besides the vexed issue of large landholdings, which are not only inequitable but also militate against productivity, the whole issue of land-ownership has been greatly confused by treating land as property and not as a means of livelihood. A major new factor contributing to the alienation of tiller from his land in small peasant families is the law of inheritance giving equal right to all sons and even to daughters ignoring the dynamics of the new economic situation and social reality. It is not only destroying the economy of the middle and small peasants, which has already been rendered vulnerable and fragile due to the operation of other adverse forces, it is also resulting in huge transfers of current incomes and capital assets from the rural to the urban sector making the rural economy still more vulnerable. This process, which is getting accentuated everyday, has not even been recognised by the policy-makers. The alienation of land from the tiller within the family setting and the transfer of resources associated therewith should be immediately stopped by divesting land of all its property character and accepting it unequivocally as a means of livelihood. Consequently, only those members in a family who continue to cultivate the land for earning a living should have a right to inherit it and none else. The daughter, on marriage, should acquire an equal right in the property of her husband and her right in the parental property should simultaneously

lapse. A legislation to this effect should be passed forthwith without waiting for further structural and institutional changes in this regard.

(ii) RIGHT TO WORK

If we examine the premises of equality of opportunity closely, the right to work will be found to be embedded in it, though not as a categorical statement. Unless the basic needs of a family are met through gainful employment, the equality of opportunity for all practical purposes will remain a mirage. Even though demands have been made from time to time for according right to work as a Constitutional status, this concept has not been clearly spelt out. First, the right to work cannot be equated with the right to have a job of one's choice or work opportunity at one's door-step. In our context, the right to work will have to be defined in terms of 'hard manual work' extended over a minimum period of time in a day, yielding a minimum wage which should be sufficient for the upkeep of a family at a reasonable level. The reasonable wage level will have to be determined in keeping with the general economic condition in the country; in any case it cannot be related to an imaginary point. No work opportunity at any other level can be conceded as a part of a Constitutional obligation. The level of a person which he can expect to attain will depend on the general state of economy and its structure at any given time. The imbalances in the supply and demand of different skills should get eased out by the operation of normal market forces and also by the influence which they may wield on the changing structure of national economy.

There is another facet of this issue. Even though hard manual work is what one can ask as a right, the aspirations for better opportunities cannot be ignored. As we have been arguing, the differentials in the rewards for different skills should be drastically reduced and due weightage should be given for arduous and uncongenial work. This will blunt the edge of disparity to some extent, though not entirely. When it comes to the question of aspirations, there may be a conflict of interest between members of different classes and regions which are receiving expression in numerous forms like reservations, sons of the soil plea, crafty articulation of entry requirements and such like. Since the family is the unit of social and economic life, the right to work will have to be interpreted as the right of only one member in a family to work. By the same token only one member of a family should be considered eligible for public employment, and no more as was recommended by the Administrative Reforms Commission about two decades ago.

It is obvious that work opportunities cannot be created at every place. But if such an opportunity is not available within a reasonable distance the right will stand compromised in its real sense. The right to work should be a right to hard work within a reasonable distance from the normal place of residence for one and only one member in each family.

(iii) MONEY POWER

All economic relationships, howsoever well articulated and finely balanced on equity considerations, will get vitiated unless the tremendous power of money is contained, nay, unless money is immunized and is obliged to become a tool for subserving national goals. A stringent ceiling on property and the acceptance of right to work as a Constitutional obligation will no doubt reduce money power, yet serious distortions in the national economy may continue and even increase. In fact, property has assumed many a monetary form and the power potential of money is multi-dimensional, capable of being used in subtle ways, which are very often not honourable. The tracking down of black money is not possible beyond a point since it can create a variety of protective traps around it. Nevertheless, what can be effectively done is to neutralise it, a well-known phenomenon in simple societies. Therefore, what is needed is a national incomes policy which will set the limits for honourable money incomes and a national consumption policy consistent with the national parameters which may be so determined as not to violate equity norms and ecological constraints.

While these measures will decisively influence the structure of our economy, which will benefit the poor, the most destructive power of money in relation to the poor lies in one of its by-products, interest. The basic issues in this regard concerning the poor have remained unattended notwithstanding some concessions here and there, because of the double-faced character, divine for those who have and devilish for those who have not. Consequently, the operation of the monetary system is proving to be a big drain on the economy of the poor and also the rural people. It is further strengthening the adverse processes which are responsible for huge transfer of current incomes and capital assets from the rural areas. This transfer should be checked by redesigning the credit system. All credit requirements of the rural poor should be met at the village level with a provision for its recirculation and absorption within the village economy.

The creation of money in the modern sector is another subtle mechanism causing adverse transfers directly as well as indirectly through inflation. We will discuss the correctives for its direct effects in a following section. The transfers via inflation can be checked effectively only if there are well-designed national policies on property, income and consumption. However, there may be still some unearned gains. In principle no unearned gain should accrue to any individual; all such gains should belong to the nation. Therefore, these gains should be suitably mopped up. It may be conceded that these measures may not strike at the root of inflation. But they will undoubtedly help in decelerating it by reducing its multiplier potential.

Structure and Organisation of Production

Many of the inequitous equations are embedded in the structure and organisation of production in our country's mixed economy. In the absence of

a clear policy built around the poverty issue, the private sector has managed to get the best of both the worlds—private and public. Demand has been accorded a central position in the consumer goods sector which, in the final analysis, determines the economic condition and the quality of life of the common man. In fact, in this respect we are simply simulating *laissez faire* conditions notwithstanding the unequivocal national commitment to planned economic development and State-directed investments for building up basic infrastructure. Demand is, no doubt, an important consideration particularly in a free society. Nevertheless, demand can be and is being stimulated and even created for the wrong reason of supporting the non-essential and luxury goods sectors. We have seen earlier that we cannot indulge in destructive consumption in flagrant disregard of ecological constraints which unfortunately remain to be even broadly defined in the context of our national resources. Nor can we afford vulgar consumerism as it is an open violation of social equity norms. If production lines relatable to these non-essentials become unavailable for investment, capital will be forced to seek outlets in other desirable directions. Alternatively, public investments can be stepped up on the strength of created money in lieu of idle savings of the affluent. With greater equity in the system and stepping up of poverty removal programmes, the demand for essential commodities will pick up. This demand can be further stepped up by the State through well-planned credit schemes designed for supporting labour-intensive developmental programmes and also for meeting essential consumption needs. These measures will set into motion a benevolent circular causation in favour of the poor.

One of the basic reasons for anti-poor distortions in the production portfolio can be traced to the growing reliance on large scale production and the ever-widening scope of market. The ostensible reasons are economies of scale of production and benefits of division of labour. These are valid formulations but in an idealised economic frame. In the complex economic system of today there are huge additives which accrue to the national economy as a result of application of science and technology not relatable to scale of production or specialisation. Further, there are tremendous frictional losses due long to transportation leads and limitless intermediations. In our view these frictional losses, which greatly serve the vested interests, far outweigh the true economic benefits of scale of production and division of labour in the centralised production model. The acceptance of a dualistic technological frame for production in the national economy will further reinforce this premise. A decentralised production system comprising a series of everwidening circles with the village, nay, the family, as the centre will necessarily take out many essential goods and services of great significance to the poor from the ambit of the large scale production system and the anonymous market, facilitating accrual of the benefits of science and technology directly to the people and reducing the frictional losses to the minimum.

Even after production has been largely decentralised, the need for

some distribution channels and exchange mechanisms will continue, though their proportion in the total economic activity in the nation will be quite small. At the moment this intermediation is the biggest sink in the national economy syphoning off a substantial part of the various additives accruing to it. The principle of establishing a direct link between the producer and the consumer has not been unequivocally accepted notwithstanding some operations at the margin. In this milieu the public sector institutions and even cooperatives simulate the prevalent trade practices without making much difference to the system. Similarly intermediation is a rule in the massive programmes of construction and maintenance in the public sector as the contractor appears everywhere in one form or the other between the public institution and the labourer.

The important issue of intermediation in construction during the crucial first phase of development when construction accounts for a major share in the modern sector. This has not been taken seriously so far. It has been ignored partly because everyone is in a hurry and would not like to take a risk in relation to the immediate task in hand and would prefer to entrust it to a 'reliable' party which can also be held responsible in the event of slippages and failures. Consequently, even when a decision in principle may have been taken to organise work through cooperatives or public institutions, there is no enthusiastic response from those concerned for that moment. Unfortunately even the public sector and cooperative agencies which are established with the sole objective of eliminating middleman take the softer and surer course of bringing in the contractor, may be a smaller one and in a different form. Consequently, there is no change in the basic structure and organisation of works programme. However, this is not the full story. The more important reason for the omnipresence of the contractor-middleman is that he is pliable and can serve individual interests of all colours and shades. That those fringe benefits are at a heavy cost to the public exchequer and are also made possible not infrequently by depriving the workers of their due wages is well understood but is universally acquiesced in by studied silence. As the omnipresent contractor-middleman is also becoming omnipotent, the possibility of his elimination is becoming remote. It is, therefore, essential that a new principle of work organisation is accepted as a national policy eliminating the contractor and the middleman so that the huge margins absorbed by these groups can be used for other productive purposes. A substantial part of this margin can be passed on to the casual wage earners in the unorganised sector. This will also help in softening the inflationary pressures significantly. Some initial setbacks and even higher costs as workers' cooperatives are brought in may be accepted as a part of the process of learning and as an investment in a long term development programme.

Family and Education

With a clearer perspective about the national economy and the organisational frame we are now in a position to focus our attention on the common man in the setting of his family. The sequential ordering of our discussion beginning with the global and the national frames and then proceeding to the community with family at the end, however, is not indicative of the priority which the family should be assigned in the national schema. Nor should it be taken to support the specious proposition that the structure of family can be treated as a derivative of the bigger forces and larger frames in the national life. It is the other way round. The family is the basic building block of human society. The design of all other institutions and organisations must conform to and reflect the ethos in the family. In this context education assumes a special significance. Education should be essentially perceived as an accomplishment which may enable the man to attain a state of equanimity and harmony within his own self, within his extended self—the family, and further on in the ever widening circles of social and economic institutions which comprise the community and the human society at large. A clear perception about the roles and the structure of the family as also education is crucial for a meaningful long term perspective of the national life.

The Family and Its Structure

The family in some form or the other has been one of the most important social units ever since the appearance of man on the earth. Its role and structure, however, have been influenced by a variety of factors such as economic organisation, social system, ethical norms and religious beliefs. Some of these influences are indirect like the implications of changes in the mode of production for the family. But there are some others like the life style of the people, housing and institution of marriage which specifically concern the family and interpersonal relationships therein. Therefore, even though indirect influences can be very powerful, even decisive in some situations, yet family and its structure cannot be accepted as a mere by-product of an array of social and economic forces operating in a society at a given time. The family has a special place in man's life. Here

the web of relationships comprises raw threads the strength of which are love, affection, trust and a sense of duty which together comprise the quintessence of culture and civilization. It is in the family where the individual is shorn of all formal trappings of the social and economic system, where he can afford to throw away all masks which he may be forced to use otherwise and experience the state of being as a human being, pure and simple. As we move from the family to larger institutions and organisations finer elements gradually give way to formal relationships in which other considerations may loom large. The outer limits of a truly human organisation is the face-to-face community comprising a group of families. Therefore, even if it is accepted that its structure cannot be immune to the prevailing conditions in the larger society, the family has an independent value. The variety of forces which have implications, directly or indirectly, for the family and its structure cannot be allowed to affect it beyond a point. The kernel of the family system has to be clearly defined as an independent element and accepted as a given condition which should provide the basis for designing of all other structures in the society.

In this context when we talk of a style of development which should take advantage of the new advances in science and technology, yet must be rooted in our rich cultural tradition, no other facet of our culture can be more relevant than the family. But the concept of family may not be the same for everyone. The peoples in our country are living simultaneously almost in all ages spanning from the earliest forms of pre-agricultural communities to advanced industrial societies with a rich diversity of tradition. It will, therefore, be necessary to have a brief overview of the family system as it has evolved over the ages and the pressures which it is presently experiencing in the wake of structural transformation in our country.

Any community broadly comprises three groups, viz., old, adult and young. The adults are ordinarily responsible for most of the economic activities which provide sustenance for the entire community. The old are on the way out having completed their innings. They have a claim on the system for their role in the past. The young comprise the next generation in the making, whose nurture is the responsibility of the rest. The other basis of functional differentiation in the society is sex which divides the community vertically in two equal halves. Besides the inalienable biological role of females relating to begetting and rearing of children, other roles of males and females may vary significantly from one community to another. However, the constraints imposed on them by their biological roles and physical structures greatly influence the style of sharing the responsibilities. It is obvious that all forms of functional specialisation must be woven around the basic theme of the survival of the species ingrained as an instinct in all species by the nature itself. Until very recent times almost the entire adulthood of the female amongst humans was devoted to begetting and rearing of children as the fulfilment of that responsibility. It is important to note here that the female in the species becomes physically 'handicapped'

for varying durations in the adult life as a part of her biology. In contrast the male is expected to remain fully alert and fit all through. Other roles of the female could not but be supplemental to her biological functions depending on the specific socio-economic situations which we will briefly review.

The earliest human groups were hunters and food gatherers. They were engaged in a raw struggle for existence against countless creatures in the forest some of which were much stronger as well. Protection against animals, defence against other human groups and procuring sustenance through hunting in the forests were the obvious tasks of the physically strong and hardy male. The rearing of children, the upkeep of the home and looking after domesticated animals, gathering edibles, fuel and fodder from the neighbouring forests, cultivation in the homestead and attending to the male on his return from 'expeditions' by the female completed the circle. In this early phase the basic unit of social and economic life was the small face-to-face community. The family was nuclear comprising the male and the female and their young ones. The family unit was rather weak as children were not a burden on it. They grew naturally as a part of the larger community. Therefore, regrouping of partners had no implications for the child and was quite easy. However, the lines for marital purposes were sharply drawn around the clan and were rigidly enforced. In these stable community formations the elders had the traditional authority and guided the group. Their other roles in the system were opposite to their age and physical capability. Thus, the economic system provided equitably for all including the old, the infirm and the young.

A major technological revolution led to the establishment of settled village communities with agriculture as the main occupation. Initially it added to the responsibilities of the woman who continued to attend agriculture exclusively even though its scope was significantly enlarged. But gradually as the forests dwindled and their reliance on agriculture increased, the male also began to share its growing burden. With the diversification of economy, an element of functional specialisation emerged at the village level which became the parts of economic stratification and formation of social hierarchy. This development significantly affected the role of women but its impact depended on the class to which they belonged. As the general economic condition in a region improved and as higher social groups perfected their claims to a bigger share in the flow of goods and services in the economy, the domestic duties became increasingly multifarious and richer in their cultural content and refinement. Therefore, women in the higher groups withdrew from agriculture and devoted themselves exclusively to domestic duties. In the new situation the basis of organisation of the village itself began to change. The village no longer comprised members of one or more clans but accommodated a number of occupational groups with varying fortunes. Therefore, in such a differentiated structure family emerged as the basic unit of both social and economic life. While the traditional role of the larger clan groups was greatly reduced, even in the changed

situation it continues to provide a frame of reference for the social relations amongst its members.

The new economic system could not provide for the old as in the earlier pre-agricultural communities. Similarly the village organisation was not equipped for the training of the youth for a diversified economy. These responsibilities, therefore, were passed over to the family. The family became larger in size and extended in its structure. It now included the old, the adult and the young. A new tradition about duties and responsibilities of its members developed as the social contours were redrawn. The woman accepted the home as her domain while the man became the chief breadwinner.

The above structure of the family is universally accepted as a model in our country notwithstanding many regional and class variations. For example, amongst the poorer sections, both men and women have to work for eking out a bare subsistence. In most cases even children have to join the work force early and not infrequently the elders have to join in also. Nevertheless, since their model of family life is that of upper classes they tend to veer to the normative code of those families by paying greater attention to their elders, reducing the load of work on their children and withdrawing the womenfolk from the work force in that order in a bid to improve the quality of family life and move up in social hierarchy.

The industrial revolution and the developments thereafter created a qualitatively different situation of man's life whose full implications for the family and its structure are not quite clear even now since the influence of tradition, social norms and religious beliefs continues to be quite strong. As noted earlier, the basis of industrial society is organisation on a larger scale which is governed both internally and externally by formal relationships. This element is crucial since, by the same token, the role of the small face-to-face community becomes secondary and inconsequential. This implies the decline of those essentially human values which are best nurtured in a small face-to-face community. The responsibility of bringing up the new generation and the care of the old are being increasingly accepted as the responsibility of the State through formal institutions. Thus, the circle appears to be complete as the concept about the role and responsibilities of the family in the large nation-states is veering back to that in the small hunting groups, but with a difference. That sense of selfless duty based on respect, love and affection towards others in an intimate group which can be felt and experienced, is gradually disappearing. It is being replaced by anonymous operations of a system which can, at best, provide intellectual satisfaction to the articulate few but is otherwise devoid of spontaneous human responses. This explains why even the most moving scene on the streets of a big town studded with the best of civic amenities and proud of its civil administration may not touch a sympathetic chord in the anonymous multitude of passersby since it does not concern anyone and should logically be the responsibility of some organisation or the other. It is only a rustic unfamiliar with the ways of the 'civilized' who may intervene. With the

slackening of emotional human bonds as rationality is providing a protective shield, the bigger three-generation family is shrinking. The old are becoming an unnecessary burden who could better live in homes for old while the young would do better in well-equipped State-aided educational institutions. Even the bonds within the male-female nucleus are being impaired as a new style of 'living together' is becoming popular in some advanced countries. This may be a precursor of reversion to the earliest stage of animal life from which man had moved out some tens of thousands of years ago to establish small human communities.

While a number of socio-economic forces are contributing to this breaking up of the nucleus, other countervailing forces are becoming weaker. The most powerful force behind this process is economic which had its origin in the process of specialisation in the wake of the industrial revolution. It has received a new spurt with the establishment of large formal organisations and can be seen to be snowballing with a phenomenal pace in our own times. For example, the craftsman has lost the personal links with his artifacts and wares which he worked on with care. Each article was a creation of his imagination having the imprint of his personality. It was an embodiment of his fulfilment. The scientific revolution was based on quantification and numbers, dissection and differentiation which are antithesis of quality, harmony, complementarity and organic unity, the essential ingredients of a living system. Man has been turned into a small insignificant part of a vast assembly line making his working life drab and a routine devoid of creativity and fulfilment. In the new scheme of specialisation the bulk of the humanity is destined to the role of a cog, a replaceable cog, in a Big Machine and all that involving adventure in ideas and creativity has become the monopoly of a few.

The dividends of this division of labour in economic terms were quite large particularly in the context of global command over resources of those societies where this revolution was taking place. Therefore, the price of great economic strides in human terms was considered to be worthwhile and so the process continued. As the benefits of development became available to a larger section of society, these gains were used in the advanced countries to improve the quality of life of the common man at home in the traditional normative frame. This phase, however, appears to be a brief interlude. The machine has also entered the home in a big way. It first helped in removing the drudgery of domestic chores. But it did not stop there. The assembly line products have inundated the home. The non-economic activities imbued with a sense of duty, love and affection with unlimited opportunities for creativity and fulfilment, briefly the 'mother economy', are on the wane. The lady is increasingly assuming the role of a manager of the household rather than a worker in the family.

The revolution in medicine and public health has had the most far-reaching consequences for the family. Initially with the decline in the death rate, the number of surviving children increased phenomenally adding greatly to the responsibilities of the adult woman. But in the next phase

it became possible to separate sex from motherhood and the number of children in a family could be voluntarily planned. Economic forces coupled with ecological considerations also underlined the desirability of limiting the numbers in a family. Thus, for the first time in the history of mankind, the adult female was free from a whole time commitment to her inalienable biological function of preserving the species. The machine had already eliminated the drudgery and made her familial economic role insignificant. The female today is standing at a new turn in the history of female-kind.

As the family responsibilities—social, economic and biological—of the woman were becoming lighter, the war game of the advanced countries made new demands on the working force in those countries. It was an opportune coincidence. Women in large numbers came out of their homes and joined hands with men to carry on that gruesome game. In the milieu of blunted sensitivities the growing organisational power is alienating the man not only from his physical surroundings but also from other fellow beings and even from his own self. The logic of the soulless, anonymous and rational system which is built on the foundations of competition instead of cooperation, goal-achievement rather than sanctity of means, rights instead of duties and voracious consumerism instead of contentment, seems to be moving inexorably towards atomisation of human society. Some questions are no doubt being raised about the implications of this trend. But they are largely concerned with the symptoms without getting to the root causes.

The entire issue will need to be examined in a larger social and ethical frame. For example, as any talk about the duty of the offspring towards their parents is becoming old-fashioned and outdated, we are already moving towards a stage where the anonymous State must shoulder the responsibility of the old. In that perfectly logical social construct the questioning of obligation of the parents to bring up the succeeding generations, worthy of the great human heritage, is only a matter of time. The equitable distribution of responsibilities between the male and the female beginning with the struggle of existence by man in hunting bands has become inequitable with the conquest of Nature by man. If the motherly instinct is discounted, even the limited residual responsibility of bearing the child is onerous and, therefore, an inequitable burden on the female. In a formal system it has to be accepted as an economic function which should be duly compensated by the anonymous State for fulfilling its goal of self-renewal because an individual female cannot be expected to accept for nothing the social responsibility, basic motherly instincts notwithstanding. Some enthusiasts are even working out the economics of sex, though the logic of parity tends to be ignored by the feminists in the persisting long shadow of the traditional beliefs about male dominance in conjugal relationships.

As the differentiation in the political, social, economic and even biological roles of men and women are tending to narrow down, the rationale for complementarity of their roles as members of a family is becoming weaker. The family as a microcosm of society, the basic building

unit of the larger system, appears to have no place in this logical construct unless other dimensions are added to it. As we have repeatedly emphasised in our earlier discussions, the basic issue before humanity is whether the situation where man is increasingly losing his centrality in the scheme of things and is being reduced to the role of a cog in the Big Machine has to be accepted as inevitable notwithstanding the colour of various paradigms like that of Divine Will or the inexorability of historical forces. Such a proposition is inconsistent with the image of man as the only creature capable of making moral judgement and rational choice. It is true that the system appears to have acquired an autonomous character with its independent logic, yet it is equally true that great ideas have been moving the world and giving it a new direction throughout the history of mankind. It appears that the time is ripe for a decisive change.

An unfortunate consequence of functional specialisation has been fine dissection and compartmentalisation of human activities. These activities comprise, *inter alia*, the finest elements involving creativity, imagination, sensitivity and compassion which are essentially human as also the mundane, the routine, the sensual and those physical jobs which are hardly distinguishable from those in the rest of the animal kingdom. In this process some people acquire the exclusive privilege of being concerned with finer elements while the rest are condemned to drudgery and are required to carry the burden of routine tasks. Moreover, a small section of the society has monopolised the critical decision-making functions in the system which has now expanded to cover all facets of human life. Therefore, the immediate context of this miniscule group is so narrow that universal comprehension is an impossibility. Each one of them tends to mistake his little world for the universe. Not infrequently these distortions are even motivated. So far as the vast majority of the people are concerned, the ideas that move the system emanate from some distant and mysterious recesses in the system. This creates an aura of inevitability and gives an impression of rational autonomy to the system. The stark reality is that after the industrial revolution the system was consciously given a direction which served the pioneers at the cost of the global economy. The situation remains unchanged as the First and the Second Worlds are vying for global domination while the Third World is being forced to play a supportive role. The drama enacted on the global stage is being reenacted within the Third World countries. A small elite group in each country is acquiring commanding positions in the system and giving it a direction which serves its purpose. The myth of inevitability which is shrouding the vision of the common man must be exploded to re-establish the desired balance.

An obvious premise which does not need any supportive elaboration is that the efficiency of a formal institution depends on the degree of rationality of its structure and the extent of standardisation of its objectives and also the target groups. Consequently, man who is endowed with active personality and a unique combination of qualities not amenable to precise definitions, is sought to be reduced to a set of statistical abstracts ignoring

all but those attributes which may be relevant for the system and that too in a given situation. While such an exercise may be satisfactory in relation to certain facets of man's working life, it is bound to fail where the situation requires an essentially human touch. The care of the old and the nurture of the young are two such areas which are singularly unsuitable for institutional handling. With a full active life behind them the greatest need of the old is recognition not mere sustenance, affectionate regard not pity, and a sense of fulfilment in the achievements of their children. Such fulfilling last phase of life was possible in the early small bands and also in the large families in agricultural civilization. In our own tradition the care and reverence for the old is one of the three solemn debts which have to be discharged by every individual.

The task in relation to the young, on the other hand, is that of making them worthy of the great human heritage which is carried by each individual member of the society as a sacred trust. In the early groups the young imbibed the spirit of the community through 'the kingdom of the youth' with necessary training for adulthood under the watchful eyes of the elders in the community. In the subsequent period this responsibility was assumed by the larger family in the small community of the agricultural groups which has continued to be the normative frame until our own times. Even though the need of institutional training for the new complex economic system has been increasing, some of the essentially human elements like love, affection, compassion, sensitivity and self-denial can be nurtured only in the reassuring warmth of a happy family setting. Formal institutions without the nursery of family are destined to produce human automata devoid of all human essence. The quality of life in the coming generations in our nation, and in the world at large, will depend, in the final analysis, on the quality of life in the family today. It is being sustained at the moment by the reservoir of the great tradition assiduously built over the ages. The decline of the family is indicative of inadequate appreciation of the trust which the present generation carries for the transmission of tradition to the next with its own small but specific contribution. If the greed of the individual exemplified in its lack of responsibility for the old and the young and is allowed to have its sway, the entire tradition can be destroyed beyond redemption by a single generation.

The family, thus, provides the base on which the superstructure of human civilization can be built and also the frame which can be chiselled and brightened through institutional care. Therefore, any concern for the quality of life has to be reflected in building up the family tradition besides ensuring that it has the necessary wherewithal for physical sustenance at a reasonable level. The quality of life in the family will depend on its structure, the role perception of its members and their work profiles, cultural milieu and leisure activities within the family and outside. The three-generation chain in a family is essential for providing the most congenial and natural setting for the care of the old and nurture of the young as a part of the sacred generational obligation at the two ends.

It also helps to make the circle complete in which the serene wisdom of the old and impatient inquisitiveness of the young come together on the same plane bypassing the anxious adult with the onerous burden of their current responsibilities. It is the family which should provide the opportunity for creativity and fulfilment for all its members in ample measure. The leisure time earned by mankind through phenomenal advances in science and technology should not be allowed to be devoured by the Economic Machine. It should be used for enriching human life in the real sense of the term. In fact, the use of leisure time is the greatest challenge which human society faces today and its future will largely depend on the wisdom in its utilisation. The newly earned leisure and freedom from drudgery provide the great opportunity for enabling every individual to realise the full potential of his personality. A large system with steep pinnacles of excellence and a broad drab base is singularly unsuitable for achieving this goal by the common man. The rise of a few to dizzy heights in the modern frame of narrow specialisations and mechanical duplication does not allow flowering of multi-dimensional talent; in fact, it becomes instrumental in dwarfing creative capabilities of the vast majority. This deadening weight of the system on the man can be countered only by the forces of creative release in the family. Education has a special role to play in the training of young people for leading an active and meaningful cultured life outside working hours in their individual professions which they may have to choose in the large system. Given the right lead life in the family and life in the small community can become richer and fuller.

Family in India

We may now proceed to have an overview of the Indian scene in relation to the family and its structure both as a normative frame and in real life. According to the *Varnashrama Vyavastha* of the Hindus, the *Grihasthashram* which literally means that phase of life which one spends in the home rearing the family, is the fulcrum of the society around which all other elements revolve. Family is the foundation of man's social existence. The *dampati* or the couple are the two wheels of the great family chariot. If the chariot is to move with dignity and ease obviously one cannot afford to have the two wheels mismatched and unequal. Marriage is not a contract but a fusion of two souls in a union which cannot be dissolved. The complementarity of the two partners is epitomised in the image of *ardhanarishwara* where the god in human form is depicted as comprising two equal halves, the right half as male and the left half as female. Every person must discharge three basic debts—*devarina* or the debt to the gods, *rishirina* or the debt to the sages, and *pitririna* or the debt to ancestors. The individual is just one ring in the endless chain of the *kula* or lineage. The young one comprises the next ring in that chain and acquires inalienable status and rights in the family even before birth, from the day of its conception. On the other side of that chain, certain obligations in the form of elaborate rituals like *tarpana* and *dana* must be discharged in respect of one's ancestors. The elders in

the family are not only to be taken care of but on their side they must continue to guide the family affairs as its head and their wishes are to be treated as commands. The entire social system is envisaged essentially comprising a number of families. Consequently, outside the family it is inter-family relationships rather than inter-personal relationships which are emphasised and provide the binding force. Such a web of relationships is ideal for a stable social system with a finely balanced set of duties and obligations of the individual members within the family and of inter-family relationships outside in an ever widening series of circles comprising the larger social system. While this comprises the normative frame of the Hindus, it has also influenced the role perception of all other religious groups in our country. Consequently, it can be taken as the national family value frame for the purposes of our discussion.

The family value norms discussed above have been evolved in the setting of an agricultural economy. Most people belonging to the higher castes in villages subscribe to these norms even though aberrations are no longer rare exceptions. They serve as the model for emulation by other caste groups. The three-generation family system continues to be the rule amongst the higher groups. While the males are responsible for economic activities outside, the home is the exclusive domain of the women. But as we move to the middle groups, the three-generation family norm persists, perhaps even more strictly. A part of the responsibilities in the field are shared by the women. Amongst the poorer sections the three-generation families are difficult to sustain. The man and the woman as also the old and the young, all without exception, are required to work for earning even the bare subsistence. The family tends to become nuclear. As economic condition of the people in the middle and poorer groups improves, women shed their extra-mural responsibilities, elders enjoy greater leisure and ideal family norms are emulated to the extent possible.

In our review of the composition of the urban population we had noted earlier that bulk of those in the organised sector as also in the middle and higher strata in other sectors belong to the upper castes. Moreover, most of these people are first or second generation migrants from rural areas. The composition of the poorer groups is somewhat different. While a significant section amongst them does belong to the upper castes, bulk of them hail from the lower and the middle castes who largely migrate under extreme economic pressure. The levels of incomes even of the lower middle classes in urban areas are comparable to those of the higher groups in rural areas. It may be recalled here that wages in the organised sector are determined on the premise that the minimum wage is sufficient to maintain the entire family at a reasonable level of living. The salaries and incomes at levels above the minimum are even more favourable. Therefore, any person working in the organised sector earns more than what is necessary for a reasonable living for the whole family. The definition of family for the purposes of some of the social security benefits like health cover, extended to its members by institutions in the organised sector, generally

includes the parents following the traditional three-generation norm. Therefore, there is no economic compulsion for women in the higher and middle class urban families to seek employment outside. The division of responsibilities between the male and the female in this group continues as per the traditional norm. Similarly the upper and middle class urban family accommodates all the three generations notwithstanding the fact that many in the older generation in this group continue to live in their rural homes.

The situation is different at the lower and also in a section of the higher strata though for different reasons. The struggle for existence forces all members of the poorer families to work, not always honourably or even in socially desirable activities. Theirs can hardly be described as family life. The social consequences of their existence in dehumanising condition need no elaboration.

When we move to the upper strata or even the upper middle groups, a qualitatively different situation emerges. These groups have cornered for themselves the lion's share in the new gains accruing to the national economy. They can, therefore, emulate the mores of advanced countries largely in a bid to rationalise the inequitous distribution and to consolidate their hold but with trappings of so-called modernity as forward-looking groups. The working life of the employees in the non-industrial sectors, particularly in the overblown tertiary sector, is much too soft compared to the general conditions even in urban areas, not to speak of the raw conditions of life in the villages. In this context the traditional responsibility of the female in the home is considered as burdensome and branded as inequitous by the elite. This burden is reduced by drawing upon the huge reserves of destitute labour in the rubble of families belonging to the lowest sections as domestic servants. In the milieu of passive pushbutton commercialised time-filling leisure activities and in the absence of any positive cultural thrust, the female in the small nuclear family of the elite finds her home a tiresome place. With all benefits flowing from social status and better education the lady with leisure enters the employment market with confidence and poise. Even in the middle brackets she stands out on account of compassion for the weaker sex. Sympathy for an unmarried girl and also for her helpless parents, who are obliged to seek a match in a hideous marriage market, plays no mean role in selections. Moreover, the female also proves to be a more responsible worker and is better suited for some assignments. Thus, most women in the upper and middle class families are seeking employment either to pass time and incidentally earn something by way of 'pocket money' or for acquiring better economic status for their families essentially as a part of the new rat-race, but not as a necessity. The far-reaching economic consequences of the behaviour of elite of which changing role of their women is one manifestation has already been discussed in a previous section. It will, however, be necessary here to clear the confusion created by the vested interests in the name of equity, fairplay and modernisation and also to understand their real social significance.

The power elite in our country is behaving as irresponsibly in relation to its role in social matters as in the management of the national economic system. Firstly, they are ignoring the great Indian tradition which is invaluable for harmony and balance in the society. They are joining the chorus of its critics whose only qualification for passing a judgement is the adoption of Western idiom and acceptance of Western perspective for interpreting Indian scene. They pretend to present their side with an aura of revolutionary thinking and rationality without even realising the fact that they stand exposed on account of the transparent abject intellectual slavery and cultivated incapacity for original thought which they acquire in the process. The battle of concepts has been lost even before it could seriously begin in our institutions of higher learning after Independence. It is a pity that what at best is specific to the context of the concerned nations, and what could be considered as universal by these nations in a milieu of ethnocentric self-aggrandizement sanctified by their economic power, are accepted by this sullen group as universal principles applicable even to a widely different Indian context. They have no hesitation in throwing out of hand genuinely Indian precepts which are not only embedded in social reality but are universal in the real sense of the term, because the Indian tradition never accepted any artificial boundaries in the realm of ideas. The Indian concept of family with its characteristic value frame for interpersonal relationships and individual roles has acquired a new significance for the entire world as the economic system of the advanced countries is shattering the last citadel of human values, the family. If the Western wind is allowed to blow, the results in the Indian context will be incalculably disastrous. The advanced countries had some compensations in their general economic prosperity which kept the average man blissfully oblivious of the loss for sometime like a child lost in play with his newly acquired toys. While our elite may afford insolently to emulate the advanced countries this game cannot continue for long because the vast majority can have no hope of reaching anywhere near those levels in the foreseeable future. The people are still engaged in the grim struggle against destitution, deprivation and poverty and for making necessary provision, even the minimal wherewithal for a reasonable living. The Western family norms are built around the free play of ominous market forces. They have surrendered, implicitly if not explicitly, not only all economic activities in the home to the market but have also allowed the market full sway in cultural activities. The market has extended its domain even to the most intimate relationships converting the male and the female into two equal cogs of the large machine operated exclusively by forces of economics. The Western woman has acquired freedom from her domestic chores; the burden of biological responsibilities has been greatly reduced. They not only took full advantage of the new advances in science and technology but also of their dominance in the global economic order. After the woman in the West went out of her home to relieve the man of his responsibilities to enable him to indulge in the diabolic power game, there was a change in

the very perspective about her role which was also abetted by the economic system to some extent. She did not return to her home. The economic system, therefore, was required to accommodate the new members of the work force permanently. The system added on an increasing higher proportion of purposeless activities in the name of sustained growth and development. In the new world growth *per se* has acquired the status of an independent value. It may mean disastrous stockpiling of arms or senseless space race just for maintaining their ranking in the community of nations or merely for extending the area of indulgence, but it is not a serious concern of many over there. In a way it is their last bid to consolidate the economic hold on the global economy in a new world of sovereign and self-conscious nations.

We as a nation are at the receiving end in this process. If our elite prefer to follow the example of the West, the full brunt of the cumulative global and national processes will fall on the poor located at the other end of this long chain. If women in the higher groups enter employment market in increasing numbers, each one of them in the final analysis will snatch the opportunity of one respectable job for the bread-earner in some poor family. It will also mean continuance of the dehumanising institution of domestic servants reminiscent of slavery and lowering of humans in an ignoble hierarchy. As the affluent adopt the nuclear family norm, they will give a deceptive lead. The old belonging to the elite groups can afford to live in the cosy comfort of gadget-studded apartments on the strength of deferred payments for their past services. But, by the same token, the old in the rest of the nation will be rendered homeless and helpless in an exotic milieu with hardly any prospect of reasonable social security. As the marriage bonds become fragile the affluent will get a licence for unbri-dled carnal reshuffle in their cosy care-free domain. But at the other end countless women in the less fortunate homes, unprepared for the new situation, will be forced to face the vagaries of the very same remorseless market which would inundate their homes and render them helpless. While the affluent with multiple incomes at their command can assign their children to institutional care, the poor child will be denied ever the loving concern of its mother. As the affluent get busy in keeping a tally of their new acquisitions, leaving no room for the great cultural treasure, the poor will be tempted to follow them and in the bargain lose their capacity even to enjoy for themselves. They will try to fill their leisure time with cheap artifacts of passive entertainment. As these gadgets get reduced to mere producers of meaningless noises and formless visuals, the diabolic market will be ready to serve them with a variety of heady stimulants. The affluent and their lady partners can afford to indulge in these excesses because they have cornered enough to spare directly or by manipulating expense accounts and by employing some other tricks. They can gleefully castigate voters of abstinence for their impractical idealism and for denying the toiling millions even the small innocent pleasures. But the woman in the poor family is doomed to face in this milieu her drunken bread-winner who is unable to

provide even two square meals to their children in the dingy hovels.

To talk of women and their rights, ignoring the family, is one of those numerous subterfuges which the elite have successfully used to feather their nests. The elite are now poised for a new offensive in a bid to corner a huge pile of undeserved gains, this time through their women under the garb of women's rights. They will no doubt throw a few crumbs here and there to other groups as well just to earn credibility and to keep the candle of hope burning amongst the deprived. They would not care less about the catastrophic consequences for the vast majority of poor families where the woman is being stripped of even the privileges and protection of her familiar tradition. It is not our case that the tradition, as it is, is ideal and has no odd knots. There are many aberrations which are inequitous and even heinous. Nevertheless, both for meeting the present challenges inherent in the situation of fast change and for establishing a sustainable order in the long run, we have to draw upon our tradition and build on its sound foundations. The current fashion of placing all blame at the doorstep of tradition, oblivious of the poison being injected by pseudo-modernity, is at best paying ritualistic homage bypassing the basic issues. For example, take the case of dowry. In the traditional system it was largely symbolic. There were no doubt some excesses but these were exceptions. What is important is that the excesses were recognised as excesses and denounced by saner elements in almost all social groups. It is only in recent times that a complete change in the outlook about dowry has come about. This can be traced directly to the social milieu of the neo-rich amongst the elite groups. In an increasingly stratified society, with everything commercialised, higher and higher price in the form of dowry will have to be paid for fulfilling the traditional obligation and for keeping the honour of the family by giving the daughter in a family belonging to a stratum one step superior to their own. As the differentials in the society increase, the price for fulfilling that social obligation is bound to rise. The entry of educated women in the employment market will accentuate inequality and reinforce dualism making vertical mobility still more difficult. Consequently, prices in the marriage market will rise further, notwithstanding a variety of concessions, rebates and even write-offs in a bid to give an innocent look to those hideous transactions. The way out is not radical slogans but greater equity and stringent ceilings on all incomes.

That radicalism without due regard for tradition may become counter-productive is amply clear from the results of well-meaning attempts to bestow equal rights in parental property on the daughters as discussed in detail in an earlier section. It was not necessary to create disharmony, strain inter-familial relations in a beautifully balanced social system and wreck the agricultural economy of the parental home to give justice to the girl. The most logical step in the Indian context should have been to cement the marriage bonds further by adding a new economic dimension to the traditional concept of marriage symbolising fusion of two souls into one which is deeply ingrained amongst all sections of our population. The wife

can be given equal right in the property of her husband and also in his current incomes in recognition of that sacred principle. The premise accepted in the organised sector for determination of salaries, that is, the income of an individual should be adequate to support the entire family at a reasonable level of living, is in consonance with the national tradition about family life in which the woman is expected to devote herself exclusively to her domestic responsibilities. A system which facilitates transfer of domestic responsibilities in those families in the elite group, which can afford, to poorer sections of the society is blatantly inequitous. Equity in the larger social frame would demand redistribution of responsibilities within the family as may be warranted by its economic status. This is already happening in the poorer groups. The elite cannot be an exception simply because they have stranglehold on the economy. If the members of a family consider the traditional distribution of family responsibilities as inequitous, they can readjust their responsibilities in any way they like. But so long as we do not achieve even the limited goal of providing gainful employment to one member in each family in the nation, only one of them can be allowed to opt for wage employment outside. It could be left to be decided by the family whether the male goes out for work or the female. In an egalitarian society there is no place for personal services other than those within the family frame as a part of generational obligation or complementarity of roles. What has been achieved in the West through the operation of market forces, because now no one can afford the luxury of personal service, can be attained through suitable institutional devices in a socialistic frame.

If the basic premises of the analysis presented above are accepted, then it will be necessary to examine each constituent element of the entire social and economic system and redefine it in such a way that each one of them severally and also collectively are consistent and in harmony with the social goal. For example, a built-in incentive for multiple family employment in the income tax law is incongruous in the face of mounting unemployment. There is no reason why the contribution of a woman, or for that matter a man, to the national economy in respect of her work at home like rearing the children and looking after the old, besides creating a congenial setting for the earning partner to work with zest and fervour outside without being bothered with the family problems should be rated less than that of the one who works outside irrespective of his or her position—high or low. Similarly keeping as many family-centred economic and other activities outside the market system has its own value for the human society. It is the non-market elements of the family system which add to the quality of life. They should not be allowed to be compromised for purely economic gains by a few. A family should be chastised for not looking after the elders or giving due attention to the bringing up of the young. Here we might put in a word of caution. The role of guiding the family cannot be assigned to an impersonal formal system. It has to be assumed by the small face-to-face community within an overall nationally

accepted frame of family values. By the same token there is considerable room for built-in disincentives against those elements and trends which are straining the family system. For example, the present trend of both spouses working outside the family and neglecting their other responsibilities can be checked if a law is made for progressive taxation of the total family income of all its members.

The above suggestions for a family-centred frame and realignment of all elements to ensure consistency and harmony may ostensibly appear as leading to some other issues of far-reaching implications. For example, it can be argued that these steps may hasten the breakdown of the family. The institution of 'living together', which is gaining currency amongst some of the affluent groups even in our country, can be quoted in support of this argument. In fact, the logic is just the other way round. In our country the elite have succeeded so far in getting away with similar supercilious arguments on many an issue like prohibition, austere living, *gram swaraj* and such like. Scant regard has been paid to the Gandhian values in the years after Independence, notwithstanding the fact that they are deeply rooted in the national tradition and are highly relevant to the hard realities of our national life. The concessions to the elite view on many of these crucial issues have not yielded dividends in any way. Having acquiesced to drinking we are facing drug addiction; having decried austerity we are engulfed by vulgar consumerism; having distrusted the common man and the community in the management of their own affairs, we are saddled with a mammoth dysfunctional system. If a derelict section of our society prefers to adopt questionable ways to further personal interests of its members in utter disregard of the prevailing social milieu, it should better be left alone. Desirable national norms should not be compromised in deference to the wishes of a few. On the contrary, their deviant character should be brought to the fore by a clearer enunciation of those norms, their vested interests should be exposed in unequivocal terms, and the community should be vested with the authority to judge their deeds because they are least likely to be influenced and corrupted particularly when the issues are discussed in a face-to-face situation and in an open forum.

The family under the watchful eye of small communities should provide a happy setting for the old to spend their last years under the loving and reverential care of their own kin and for bringing up of the young generation with love, affection and compassion, inculcating in them the basic human values, in the spirit of our tradition of *pitririna*. The family should become a microcosm which should provide the opportunity for fullest development of individual potential of each member for creativity in a variety of activities outside the dwarfing influence of the formal system, for active participative enjoyment of leisure time on an increasingly higher cultural plane, and for leading a fuller life behoving the members of a civilized human society.

Education

The perspectives about the economic and social life of the people in our country outlined above will need for their realisation (i) their acceptance as the national goals, (ii) institutional changes almost at all levels, some of which were alluded to in our earlier discussions, and (iii) promotion of certain values in all spheres of national life. The basic issue, however, is how this can be achieved in a democratic and open society like ours. While planning has been accepted as an instrument of economic development, the questions relating to social institutions and values in life have remained outside the ambit of any process of directed change, and for good reason at that. Nevertheless, we have accepted certain guiding principles and a basic value frame for our national life like the establishment of an egalitarian social order, secularism and democracy which are embedded in our Constitution. Consequently, if the processes of economic development tend to weaken those institutions which stand for these values and are creating a milieu which is not conducive to their sustenance in the immediate context and also in the long run, as is happening at the moment in many walks of life, effective corrective measures become necessary. The basic reason for such a deviation is that even though these values have been enshrined in our Constitution and our economic development is formally committed to achieving them, yet the crucial linkages between economic policy and social goals have not been worked out even at the conceptual level, let alone their articulation in concrete operational terms. Even the bundle of physical goods produced in the economy, whose size is accepted as the principal indicator of development, is not fully consistent with the national goals. It comprises an odd assortment of commodities for supporting not only essential but also a large spectrum of non-essential and even destructive vulgar consumption. The minimum which can be expected from the economic system is that its production portfolio, institutional infrastructure and working norms are not inconsistent with the social goals. In fact, beyond this the economic system may not be very effective unless it is constrained, guided and supported by other non-economic institutions and systems, particularly education.

Education is a crucial, and also the most powerful, element in the process of economic development and social change. By the same token the character and structure of education in their turn will be determined by the social and economic goals of a nation. In the absence of such a mutually reinforcing dynamic relationship, a serious dissonance between the two has arisen in our country whose nature remains to be fully understood and appreciated. The fact that our present educational system was basically designed to produce a new genre of English knowing people for manning the administrative system, which was superimposed by the British and had served that purpose well, is quite well-known and has become an oft-quoted cliché. An unintended outcome of the new education was the enlightenment amongst a sensitive section of the educated people which culminated in the dawn of Independence. However, that great opportunity after Independence was

not used for reviewing the roles and the structure of education in a free India which was setting for itself certain new goals. Certain changes, however, did occur in its structure like high priority for science education and a major thrust in many technical and professional branches in response to the needs of development of the economy. Nevertheless, the system as a whole has continued to grow unabated without a clear objective largely under popular pressure.

The reason for this failure is simple. Education has become a pre-condition for entering the modern sector. This sector nearly monopolises the opportunities of the greatly secure high-income jobs. This also enjoys the associated benefits of social services and other amenities of life in urban areas by virtue of their location. This stands out in contrast with the raw struggle for existence in which common man is engaged in the rest of the national economy, particularly in rural areas. The motive force for expansion of education has also been provided by the fact that education did make vertical mobility possible and benefit even the poorer and the socially under-privileged sections in our nation. But this move did not gather momentum. The larger egalitarian role of education is being undermined because with the passage of time, the educational system has itself become increasingly stratified. There is a long hierarchy of these institutions in terms of their quality. Moreover, the access to the institutions at different levels in the hierarchy is determined largely by the economic status of an individual. The big differential in the rewards in our dualistic economy has reinforced this stratification in the educational system.

The serious implications of these trends have been appreciated by many educationists and leaders in other walks of life, yet the system remains unchanged. The basic reason is that the system has served well the interests of the power elite. Besides, enabling it to retain and consolidate its stranglehold on the modern institutions and national economy, the system also provides legitimacy to its exaggerated claims and also a veil of objectivity and rationality. Some of these issues will be discussed in detail in the following chapter while dealing with correction of basic equations of the national economy. Here we will confine our attention to the removal of dissonance between the educational system and the national, social and economic goals.

Even at the risk of repetition it may be reiterated that our nation is wedded to the establishment of an egalitarian social order and gradual transformation of its economic structure assimilating selectively the global technological advances in harmony with the rich cultural heritage, our social goals and the national ecological constraints. Therefore, education of common man is crucial for equity and also for preventing introduction of inequitous elements in the socio-economic system, for inculcating scientific temper amongst the people and also for internalising the technological change so that a strong foundation can be laid for self-sustained national development. Unless techno-economic development is in unison with social change, the pace of development even in the short run will be sub-optimal

and adverse forces will be engendered which will jeopardise national stability and integrity in the long run. Education is crucial both for the establishment of an egalitarian social order and for the structural transformation of the economy. As such, formal education has three distinct roles: Firstly, education is a cultural endowment, a role which has been accepted throughout history and should not be allowed to be compromised in the changing socio-economic situations. Secondly, education is the most important input for economic development which essentially involves structural transformation of the economy based on the new advances of science and technology through imparting of a wide spectrum of skills, old and new, to all the people in a nation. Thirdly, education is the key to the understanding of the various facets of modern life—political, administrative, social and economic—which is highly formalised and extremely complex.

There is a great deal of dissonance between these roles of education and its present structure in our country. Currently its second role as an investment for development is being widely acclaimed and greatly appreciated. Yet there are serious imbalances even in that limited area. There is over-emphasis, verging on obsession, on the needs of the modern sector to the exclusion and utter disregard of the requirements of the traditional economy. Its role in relation to cultural accomplishment is believed to be adequately fulfilled by merely providing for what goes under the epithet of liberal education. Since our education is not rooted in our tradition and culture and there is no clarity about national goals in relation to our social system, education is becoming instrumental in alienation of people rather than in contributing to social health and vigour and cultural accomplishments. In fact, its role remains to be articulated with reference to our national, social and cultural traditions. Lastly, the role of education as the key to the complex modern system, which is most significant in the present phase of structural transformation, has not even been acknowledged by the policy-makers. Again the reason is that this goal concerns largely the poorer and the disadvantaged sections of the community. The facts that they are unfortunate victims of the backlash of the forces being engendered by the very processes of economic development and that they are suffering due to lack of a clear understanding of the modern system for want of education are no doubt being acknowledged but reluctantly. Moreover, they are left at that in the maize of other rationalisations diverting the attention from the crucial issues concerning the backlash from an unknown system. New layers of ostentatious institutions are being added intermittently in the interest of infusing excellence in the system, unmindful of the fragile base. Even elementary education still remains a dream for a substantial section of our people notwithstanding the Directive Principle enshrined in the Constitution for its universalisation within the very first ten years of its adoption.

Universal Elementary Education

The high priority and great urgency with regard to elementary education were crystal clear to our founding fathers who had steered the nation through the arduous struggle for independence and who were committed to a still more difficult war against ignorance, inequity and poverty. The avoidable slippages on the front of universal elementary education reflect certain distortions creeping insidiously into the national value frame. Elementary education is a pre-condition for the fulfilment of all the three roles of education described above. It is essential for an average citizen if he wishes to carry himself with dignity and honour in the modern world of growing complexities. Elementary education is essential for the establishment of communication channels between the world of modern science and technology and the common man engaged in a wide variety of occupations and professions both in urban and rural areas. The skill base of a vast nation like ours depends essentially on using these new channels. Moreover, the vast potential of the great reservoir of human resources, which at the moment is proving to be a burden, can be tapped only if every child gets the opportunity of early schooling irrespective of the economic and social conditions of his parents and if talent is identified and nurtured assiduously from the earliest stages. Our indifferent performance in almost every field compared even with small nations in the world is a testimony to the fact that the field of choice has been artificially circumscribed to a small section, barely a few millions, to the exclusion of the vast masses. In fact, our achievements in this context are miracles rather than rewards for a truly national endeavour. Lastly, the cultural accomplishment of the people in the modern age of markets and media with the weakening of traditional institutions will depend on what the child learns in the school by way of imbibing social values, scientific temper and developing capabilities for leading a fulfilling cultural life at home and in the community.

The prevailing confusion about the role and the possibilities of education has not only distorted its structure and vitiated its content but has provided a serious setback to the initial enthusiasm for education amongst the masses. As the pupils in school not only fail to gain anything worthwhile relevant for their working life but are even getting alienated from it, parents are rightly questioning its utility. This confusion can be traced to the obsession of the policy-makers with the skill requirements of the modern sector and the tacit belief that education can perfect one's entitlement for entry to the modern sector. It is not generally realised that education no doubt is an essential condition for economic transformation but it cannot be a sufficient condition. It is the present stage of economy that must determine the structure and the contents of an educational system, although education can and should be one step ahead of the economy to avoid critical shortages and also for creating newer possibilities and potentials.

It is clear that agriculture will continue to be the mainstay of our

national economy in the foreseeable future. Similarly while drudgery must be removed from our national life taking advantage of new technology, manual labour has to be accepted as an ordinary condition for the vast masses which must be restored its due dignity. We cannot afford the introduction of that machine which mainly displaces manual labour on considerations of both equity and ecological balance. These are some of the national parameters which have to be accepted. In this context universal elementary education must address itself to the needs of the common man the bulk of whom will continue to earn their living as agriculturists, manual workers and small artisans. It should lay the foundations for enabling the ordinary labourer to lead a life with dignity and as a responsible member of an egalitarian democratic social system, for engendering scientific temper and initiating the process of lifelong education and for developing those capabilities of the individual which will enable him to absorb the benefits of new advances in knowledge on a continuing basis. Thus, elementary education should not be a terminal stage, but a stage where a large section of young people move to settle in life having acquired the minimal accomplishments and, what is more important, having established an invaluable link with the world of knowledge to be fruitfully used for developing their potential and for further growth.

Secondary Education

The confusion about the purpose and possibilities of education becomes worse as we move to secondary and tertiary education. For example, the policy-makers seem to be labouring under the fond hope that vocationalisation of secondary education will stem the tide of job seekers on the employment market which is growing incessantly with the phenomenal rise in the number of institutions of higher learning. There are three basic reasons for this phenomenon. Firstly, the working conditions in the unorganised sector are difficult, full of uncertainties and the average earning at every level is extremely low compared to the cosy comfort guaranteed even to the lowliest in the organised sector. Consequently, if a person can hope to get the job of even a peon, the possibility of which improves as he acquires a higher certificate or degree, he need not venture into a life of drudgery and uncertainties. Secondly, like elementary education there is no consonance between the requirements of the national economy and educational output of secondary and tertiary education as well. The students cannot be expected to offer those courses even in a vocational stream which do not improve their chances of getting employment in the organised sector. The highly eulogised prospects of self-employment after a vocational course do not impress him for he is aware about the reality and the contrast. Lastly, agriculture which concerns the bulk of our population and has a great potential for diversification and growth, provided the benefits of new science and technology can be made available with necessary institutional support, has failed to acquire a significant place in secondary education, vocational or otherwise. The lack of facilities for relevant education and the extremely

adverse terms of trade for agricultural produce have proved to be the biggest impediments to the modernisation of agriculture and its balanced growth consistent with the parameters of our national economy. Secondary education should be accordingly restructured and made relevant to our socio-economic reality.

Tertiary Education

Tertiary education is occupying not only a central position in the educational system but is exerting a tremendous influence on all facets of national life. It is those who have the benefit of tertiary education who are holding key decision-making positions and also comprise a substantial part of the powerful modern institutions and the organised sectors. The tertiary institutions are responsible for churning out the growing mass of half-educated youngmen and women who cannot adjust themselves in the vicissitudes of the traditional and the unorganised sectors. Moreover, they cannot get entry into the modern sector partly because there is no space there and partly because they hardly fulfil the entry criteria.

One role of tertiary education is clear, viz., training of skilled manpower for key positions in the modern organised sector, which is being performed rather well. There are, however, two basic problems. Firstly, the vast rural areas are not getting their due share in the services of professionals and people with higher education. Consequently, there is overcrowding in cities while rural areas are starved even of the basic minimum. Secondly, while technical education is responsive, even though only partially, to the requirements of the national economy, liberal education is growing ubiquitously without any sense of direction. It is here that the national perspectives about the structure of our economy, the institutional framework and the quality of life become relevant for defining the goals of higher education, for working out a consistent framework and for instilling a sense of purpose and relevance in the system.

Besides imparting training for higher skills, the most important role of higher education is to provide a conceptual frame, embedded in the national socio-cultural tradition, for meaningful assimilation of knowledge growing at a phenomenal rate and making its own contribution to its fund. The universities in particular have to assume the role of a philosopher imbibing in themselves the highest values of life and become the fountain-head of the spirit of scientific inquiry, egalitarian ethos and democracy. As the educational system internalises these values, the entire national life should be benefited by a continuous process of diffusion. One of the main concerns of higher education should be to improve the quality of life of the common man and to enrich its cultural content.

Professional Education

It is obvious that the size of the professional streams in higher education will be determined by the requirements of the national economy. Nevertheless, as the general level of education in the country improves and the

benefits of science and technology become available to the masses, there will be a growing need of higher professional guidance in all sectors of our economy. We are facing a vicious circle here. Since rural economy is tremendously handicapped by the operation of diverse forces, the working conditions are not congenial. Moreover, since the rural areas are not getting the due benefits from the modern advances in science and technology, the pace of their development is not quickening. While the need for reducing the differential between the urban and the rural economy by correcting the inequitous equations cannot be over-emphasised, it is bound to take some time before it can be expected to yield substantial results in this regard. In the meantime the benefit of professional services should be extended to rural areas through a comprehensive scheme of built-in obligations in the educational system itself on those who pass out with higher qualifications for serving rural areas, for providing better facilities to the professionals working there and for due recognition of their services. This will help in bringing about a better consonance between the needs of the national economy and the output of the educational system, though only in a limited segment of technical and vocational education.

Non-Technical Education

We may now turn our attention to the liberal arts and pure science streams in tertiary education whose products are flooding the employment market. So far recourse has generally been taken to softer alternatives for relieving the growing pressure of the educated unemployed by creating artificially new employment opportunities or by giving them a share in the large unearned dividends, for example, by reservations in licences, quotas and permits. The elite economy at the top catering to destructive and vulgar styles of living is also providing some openings largely to its own members, but also to a section from other strata of the society. In most cases the bulging of public institutions is proving to be dysfunctional and the expansion at the top is adding to the gruelling burden on the poor man's economy. All these palliatives are bound to have a limit and can be no solution to the problem of educated unemployment. It will be necessary to bring the educational system in consonance with a clearly defined set of national parameters which, as discussed earlier, must satisfy both equity and ecological viability criteria. Education should also be in consonance with the framework of our social institutions dedicated to the improvement of the quality of life of the common man.

Implications of Technological Dualism

We may begin with the implications of a dualistic technological structure which has to be accepted as a part of our national life in view of the large differential between the global and our national resource matrices. A necessary corollary of this premise is that the large differential between the high and the modest skills must be counterbalanced by giving due recognition to the modest skills and even add a premium for the uncongenial

conditions of work which generally go with them. The modern sector has a charm of its own and many a non-economic compensation. Therefore, it need not be artificially propped up by higher economic rewards. This is fully substantiated by the wage structure in the advanced countries where the unskilled and semi-skilled may earn more than even the high professionals. The high premium for softer jobs *per se* in our own country is also clear where young men continue to flock to institutions of higher learning and accept low paid jobs in the modern sector in preference to agriculture back in the village even though their earnings may be less than that of even a manual wage-earner.

A dualistic technological structure will also imply a change in the perceptions of our men of science and professionals about appropriate technology and traditional skills. The average skills of those engaged in traditional occupations and services have to be accepted as the base, which have to be gradually raised to a level compatible with the dictates of the overall national economy. If this is accepted, the focus in our country will shift to the smallest circle comprising the village. The agricultural extension worker will be expected to become an expert in the agronomical practices of that micro-universe. His main task will be to bring to bear on the problems facing the community the perceptions of his higher learning and better understanding. Similarly the traditional *dai* should become the fulcrum of childcare and health services in the village who could be imparted the necessary skills and the guidance of better qualified personnel, again, located in the village. The mason, the artisan and the master craftsman in the village should have the benefit of new skills in their respective professions so that village housing can improve without necessarily going in for new building materials, the agricultural tools can become more efficient without importing machinery and the artifacts produced in the village acquire greater dexterity. This is a massive task which needs to be undertaken by the educational system on a priority basis through the network of institutions right from the primary to the highest level.

Education for a Community

It is obvious that our economy has surplus manpower with reference to the present level of economic activity. This level, in its turn, is determined by the level of technology, pattern of ownership of assets and intensity of capital use, institutional infrastructure, both physical and economic, the demand profile of private and public consumption and also the general social milieu. The existence of surplus manpower in a developing economy is incongruous. The very fact that a large number of people subsist much below a nationally acceptable level implies that much greater collective effort is required to raise the productive economic activities to minimal levels. Let us begin with the organised sector. This sector is already overburdened with extra people. It can easily shed a lot of its bulk which will be greatly beneficial to its own health. The surplus manpower, which comprises educated and even skilled people, can be better utilised for

improving the quality of services and productivity in the rest of the national economy. Such a re-deployment of working people and providing really purposeful employment to the new entrants to the employment market will require a drastic change in the economic structure and national priorities. The lines of production must be determined by the national perception about the quality of life and about the desirable basket of goods and services both for private and public consumption which, in its turn, will depend on the relative entitlements of the people engaged in different social and economic activities. The educational system should obviously respond to these needs and be fashioned accordingly.

As we will be discussing in the following chapter, once the inequitous equations are corrected, the rural economy will become buoyant and the conditions of the poor both in urban and rural areas will improve putting in their hands substantial additional purchasing power. Similarly as the rural community regains its authority for managing its own affairs and the devolution of funds for a variety of economic and social services becomes automatic and direct, the present top-down command relations between the town and the village will cease and the tremendous frictional losses in the course of a variety of transmission to and fro will disappear. Thus, the community in the village will have much larger resources at its command. This is bound to have a multiplier effect provided the investments are wisely planned and the wasteful ways in the wake of pseudo-modernity are strictly curbed. Again, such an ethos can be created by instilling right values through education and by setting right examples at the top for emulation by others.

We have already referred to the need for upgrading the skills of the common man and for providing necessary leadership in various skills through extension agency right at the village level or a group of villages. The greatest need, thus, is for building up of human resources for which the foundation has to be provided by right education and sound health services. There is no reason why the children in the village should be denied the privilege of having good education as any other child in the nation. Similarly all people should be entitled to appropriate medical and health care depending on their needs irrespective of their economic conditions and the place where they may be located. The building up of maternity and child welfare services around the traditional *dai* should not be confused with a second rate medi-care. In fact, it should be the other way round since in that system it will be possible to tap the latent talent spread throughout the country. Similarly the village school should provide the best opportunity for developing the potential of its pupil by virtue of its proximity to nature and nearness to real life situation in the nation.

School Complex

The existing school system for the common man, even at its best, will remain far short of achieving the goals of education outlined earlier for the simple reason that it does not have the benefit of an appropriate conceptual

frame. The school should be well equipped for discharging all the three basic responsibilities of (i) inculcating the basic values, (ii) imparting the necessary skills and (iii) equipping the child for leading a rich cultural life. This will need the services of teachers who have the necessary aptitude as also the skills. No single individual, howsoever talented, can be expected to have all attributes needed in the smallest elementary schools. The rural habitations are small. The school for a small habitation usually has a teacher or two. The rural schools, therefore, are clearly at a disadvantage on account of their size compared to the institutions in larger population centres. This deficiency cannot be made good by simply adding a teacher here and there. A basic change in the elementary school structure will be necessary as we will discuss presently.

Each village need not be taken as a unit for elementary education. Instead, a group of villages should comprise the basic unit and an elementary school complex should be established for each such unit. This complex should have as many small centres with teachers in charge as may be necessary in the relevant geographical area. The elementary school complex should simulate a large-sized model school which should adequately provide for all attributes amongst the members of its faculty as may be essential for good elementary education. While each teacher in the small constituent centres of the school complex will have to be a jack of all trades he should also be a master of some trade or speciality. Thus all the teachers in a complex together will fully conform to the ideal requirements of an elementary school.

Besides the necessary facilities for instruction in the three R's the school complex should have provision for teaching of various social and natural sciences, a good library and a small laboratory. It should provide for training in agriculture and other vocations with facilities for working with hand in farms, orchards and workshops. It should have good facilities for physical education and body-building, with playfields and gymnasias. It should provide for instructions in elements of housekeeping, nutrition and child rearing for girls. It should be specially equipped for nurturing creativity and finer elements of the pupil's personality by training in art and music. All children should participate in the cultural activities at the school and also in the community on a regular basis. This is what the elite are trying to provide for their children, though with only partial success, through exclusive institutions at a high cost. Unfortunately the same elite, in blind pursuit of their narrow economic goals, are destroying the fabric of the community and the family life of the masses. Be that as it may, the responsibility for a wholesome and complete elementary education for all the children in the school-going age should not be assumed unequivocally by the nation simulating the conduct of a good cultured family. At the national level elementary education is a part of the generational obligation which is sacred and must be discharged with fullest sincerity and good grace. In formal terms the entire expenditure on elementary education should be a charge on the Consolidated Fund of the States and the Union to be equitably shared between them. Neighbourhood schools or school complexes,

as the case may be, may be established so that every child irrespective of the accident of his birth anywhere, should get the same opportunities, which should also be the best possible. The community which can be the most responsible organisation for taking care of the children, should be made responsible for managing these institutions and the resources for this purpose should automatically devolve on the community as a part of the Constitutional obligation of the State.

This universal, comprehensive and wholesome elementary educational structure will generate a large demand for educated manpower of the highest quality in different fields of specialisation. Even in the limited context of development of scientific manpower the biggest constraint is inadequate nurturing of mathematical and scientific talent at the elementary stage. Similarly the best opportunity at the school stage for moulding the raw stuff in all other fields including sports, athletics, music and art is allowed to slip by for want of facilities. It is too late by the time students reach high schools and colleges. All efforts to improve general national standards as also to attain excellence by adding new storeys, however dazzling, are bound to be thwarted due to the weak foundations and a narrow base. It is, therefore, necessary that teachers with highest qualities of head and heart are deployed in the elementary schools. The system should allow persons qualified to teach even in a university to opt for elementary schools by equalising pay for similar qualifications and attainments and by giving additional benefits to school teachers to compensate for lower academic prestige attached to teaching at the school. This will throw open new opportunities not only for science and arts graduates but create new demands on those having the training in a variety of vocations particularly agriculture and also for those pursuing music, fine arts, sports and athletics, home science and such like. The humanities group in tertiary education can shed its unbearable load as demands in other branches pick up for serving the masses rather than remaining a decorative piece in the mansion of the elite.

This education of the child in the school will be in consonance with the picture of community life visualised earlier as also the national parameters relevant to our life-style and also the economic system. While the satisfaction of basic minimum needs of the people in terms of physical goods for a reasonable living will largely depend on individual's own effort, the social services should be provided at the level of the community. There should be a much larger scope at that level for participative activities in sports, creative arts and culture. As productivity of the system improves, a greater proportion of individual labour could be devoted to participative non-economic activities and a section of population in each group could work for excellence in some selected areas by devoting still greater time to the concerned activities. This should be made possible by partial or full public support through suitable subventions for specific programmes or general purpose grants to the Village Councils. This will not only help in keeping the production portfolio of physical goods well within the limits

imposed by our specific ecological constraints but it will also open up a new frontier with limitless possibilities away from the tantalizing but unsustainable consumerism, which is pursued vigorously by a few individuals with no regard for the means. In that case, the energies of the new generation could be diverted to those arenas where achievements are directly and clearly relatable to one's innate capabilities and qualities, tenacity and effort in a fulfilling social milieu supported and sustained by public acclaim and recognition. There will be no physical limits to individual attainments in this system. Nor will there be any limits to the capacity of the social system for absorption of the time and effort of the individual members of the community which may not be strictly required for servicing their economic system. In contrast, ironically the problem of filling the leisure time and using the surplus manpower in the elitistic frame is sought to be solved by adding on to the superfluous mass in the tertiary activities of the modern sector. It is not only counterproductive economically but inimical to the ethos of hard work, rectitude and higher values of life. In fact, the modern sector is emulating the West in the solution of its problems, which also incidentally serves the elite interests but ignores basic parameters of our national life. We cannot afford to continue with this approach. It must be abandoned forthwith. In the light of the analysis presented above it is clear that the new opportunities in national life for work and leisure which are arising in the structural transformation should be embedded in the life of the community. This will help in bringing about a new balance, improving the quality of life and creating the right milieu for national development.

Education for Family

We may now move to the last and also the basic unit of all social and economic life, viz., the family, and understand the response of the educational system to its requirements. The family has been largely left alone in the din of economic development notwithstanding eloquent homages paid to its role in life. Consequently, the pressures which the family is experiencing in the new setting are, at best, a subject of academic study and debate. They do not serve much purpose because the conceptual frame for all these deliberations is usually Western and the avalanche in which the family in those countries has been caught is taken to be ordained by nature or by some such laws which are deemed to be outside the purview of human volition. The same experience is sought to be extrapolated to our national life ignoring the inherent strength of our social system. Consequently, our educational system is not only unconcerned about the future of the family but is becoming instrumental in destabilising it. In the process of eulogising indiscriminately whatever comes from the West, the softer and the not-so-desirable or even undesirable elements are being blindly adopted to the exclusion of the more difficult and the desirable ones.

As we have discussed in detail, we have to chisel our own model of family life. Education should prepare the individual for that life and also help in creating the desired milieu for that style of life. It is unfortunate

that a large section of our people not only do not have a reasonable dwelling, one of the basic human needs, but cannot afford the luxury of family life at home since the man and the woman, the old and the young, all alike, must work outside their homes just for earning the bare subsistence. These people are yearning for a decent and dignified family life. As the productive capacity of our economic system improves, this should be made possible. In fact, so far as the young and the old are concerned, we can hardly afford to wait any further. The removal of drudgery from the poor man's home should be the first task of modern science rather than wasting the opportunity in cluttering the dwellings—large or small—of those who do not know what to do with their spare time. It is the poor woman who should be enabled to establish a home and nurture the family as her menfolk get a better deal and earn a decent living. No longer should that woman be required to seek the degrading and dehumanising petty jobs in the household of the affluent, at the cost of her own family responsibilities, to enable the lady with leisure to take a job, proclaiming the right of equality with her peers at the top, conveniently oblivious of the fact that, in the process, at least one of her kind, crawling in the substratum, has been denied the opportunity of even having a family and a home.

It may be remembered that in the present social milieu the woman in the poor family is likely to withdraw herself from the employment market even before the earnings of her male partner are significantly higher than the minimal level. This is desirable not only because it gives the family a social status but it is also in conformity with the long term social goal of a richer and fuller family and community life. Here is a challenge and an invaluable task for the educational system, which it has failed to recognise so far simply because elite interests have been taken to be synonymous with national interests and their perceptions as universal. That is why most of the women's programmes supported by the State, which are dominated by this group, generally comprise market-oriented income yielding activities. Their scope cannot but be extremely limited, since that market is related largely to the fancy needs of the better off families. Moreover, as we have been arguing, these programmes aid those processes that result in the market system engulfing the family economy, which is not desirable. In any case they cannot benefit even a small section of women in the country notwithstanding the highly publicised stories giving an impression that they provide the much needed lead.

Women's education must necessarily address itself to her role as a housewife and for expanding the scope of economic activities within the family setting reducing its reliance on the market. One of the most important reasons for the disinclination of parents to send their girls to school is that they believe that school education has no relevance for her future married family life. The cryptic reaction of the parents to any suggestion for the daughter's education is "she is not to take up a job" because education has been taken merely as a preparatory stage for some regular job or the other. The parents no doubt would like her to learn reading

and writing and have some grounding in their tradition and culture as reflected in the classical and other venerated literature. But that learning they do not get in the school. Here is a serious conflict between the perception of the people about education for their girls and that of the school system. This has seriously affected the spread of education amongst women, particularly in rural areas. In fact, as the hope of a job even for boys is proving to be a mirage for a large section of our people, boys' education also has received a setback on account of its lack of relevance to the life of the people. The irony is that the people's perception about girls' education is ignored not as a conscious decision at any level but because elementary education continues to remain merely a preparatory stage for the tertiary education through the secondary stage which, at best, is attuned to the needs of the modern sector in our economy. In the elitist ethos, the training of boys and girls has to be identical since the entry of women in the employment market ideally serves their interest besides adding the flavour of idealism and also the aura of modernity. This is not in consonance with the national ethos, nor can it be said to be serving the long term national goals. The parameters of girls' education, particularly at the elementary level, should be worked out with reference to the needs of an average woman in our nation.

As we move to the higher middle and upper classes, education of girls is becoming universal. The purpose of education in the vast majority of cases is, however, accomplishment and compatibility with her partner in life who is expected to be well-educated. Some of them are also entering the employment market and this trend is increasing. As we have noted earlier, our nation at the moment cannot afford the luxury of two jobs in a family without jeopardising *inter alia* even such an obvious national goal as achieving full employment, not to speak of other aspects of egalitarianism and the quality of life. Yet our educational system is tending to join the elitist chorus of 'employment for women' and a group of social programmes for their training in marketable skills are being introduced in the syllabi. The vast majority, who are still not interested in a job outside the family, have to be content with whatever is offered in the general streams and flock to the softer courses in humanities and social sciences. Facilities for studies in creative arts are insignificant. Thus girls have no choice for studying something which can add to their cultural accomplishment and enrich the life in their family. All special courses, including the so-called home science, have an eye on the market, even the hideous 'five star market'. Home science should really aim at building the home and improving the quality of life therein rather than aiding the processes of its decline.

It is not that elite women will return to their homes even if a national policy of one job in a family is adopted. Moreover, any person irrespective of one's sex should have a right to choose any form of education for oneself and even enter any profession of one's liking. Our point here is not to have a kind of regimentation. But, by the same token, any such

right asserted by a few should not be allowed to create conditions of regimentation for others who today comprise the vast majority. This is precisely what is happening now. This will be further reinforced if sterile uniformity is accorded the status of a sacred principle in the name of equality and becomes an inviolable premise in the design of national institutions and educational policies, ignoring the aspirations and the needs of the masses. While the educational system may continue to provide facilities for the job-seeking few it must be overhauled so that its structure is in consonance with the needs of the vast majority whose dream is a good family life. This special need for women's education reinforces our argument for emphasis on education in creative arts and culture, physical education and such like. It is only then that every child will get the fullest opportunity for developing all its faculties for acquiring an integrated personality. The community life will not only retain its vivacious multi-dimensional character but new dimensions will be added and its quality will improve as the benefits of development accrue to the common man relieving him of the crushing burdens of his working life for mere survival.

Conclusion

The quality of life in the community and in the family will depend on the extent to which the role-perception of education and its structure are in consonance with the social goals and are attuned to achieving the same. Elementary education is vital in this regard and should be universalised without losing a single day. It should be designed to prepare the common man for life in which understanding of the modern world, skill formation and accomplishment should be emphasised in that order. Each elementary school or a group of them comprising an elementary school complex should be reasonably equipped to provide relevant and complete education. Secondary and tertiary education will also need substantial restructuring taking note of the constraints imposed by the proposed policy of technological dualism and the need for raising the general level of common skills in the economy. The tertiary education has a special responsibility of the philosopher of the nation for promoting the right values and creating an apposite national milieu for establishing an egalitarian social order. While higher technical and professional education should grow in response to the emerging needs in different sectors, liberal education should be made broad-based with emphasis on those disciplines which may add to the quality of life in the community and in the family. In particular, a major new dimension in women's education should be added to bring it in conformity with the aspirations of an average girl and people's perception of woman's role and responsibilities.

Education should be accepted as a generational obligation by the nation which should be discharged with a sense of responsibility behaving a decent cultured family. Since education becomes a trust of the

coming generations with the present one, it should be the first charge on the national resources. Every child irrespective of the accident of his birth should have access to a 'neighbourhood school' of quality and should be provided the opportunity for moving up according to his capabilities and attainments. As the full potential of the vast masses in our nation is developed and harnessed through purposeful education, no task will be too big to be accomplished in our nation.

Equations for Equity

We have so far presented a perspective for our nation's economy which takes note of the manpower-natural resources matrix in determining the package of goods and services. It also accepts a policy frame which lays equal emphasis on both ecological viability and social equity. Similarly while we must take full advantage of the latest advances in science and technology, our nation cannot afford blind imitation and surrender discretion in the dazzle of technological glitter. We must tame technology and make it subserve our national needs. To this end, a dualistic technological frame should be accepted as a national policy. Similarly organisation can also not be accepted as an independent element. It must be adapted so as to become an instrument for attaining the short-term and the long-term social goals. Here family and education come to the centre of the stage. The quality of life in a nation will depend on the quality of life in the family. This is an independent value which cannot be made subservient to any other goal. Education has to address itself to this great task so that our nation can take full advantage of global scientific advances without losing the cultural moorings.

It can be reasonably expected that in this frame comprising the basic national parameters—technology, social institutions and economic organisations—our national economy will move in the desired direction. But it will still be necessary for us to define precisely the interpersonal and intersectoral equations keeping in view the levels of skill application and other conditions of work and also to consider the limits of tolerance for differentials in the economy for allowing some play of market forces to balance supply and demand. We will attempt a possible frame for this purpose.

Distribution

Equity is usually associated with the principles of distribution which may be accepted in an economic system. The use of the term 'distribution' is not a very happy one since in common parlance distribution does not have strong association with the individual's entitlement as a reward for his effort and veers more towards charitable disposition. The essence of equity is the recognition of individual entitlement in a frame which is free from all traces of bias, explicit or implicit. The first question in this regard,

therefore, is 'who is entitled?' and the second one, 'what is the measure of their entitlements?' or 'what are the relativities amongst the entitlements of different sections and individuals?'

It is obvious that one who contributes to the production process is also entitled to the benefits accruing therefrom. Both these issues, namely, who contributes to the national economy and who commands the entitlement, are extremely complex and have been analysed in detail earlier. Nevertheless, two principles have to be clearly enunciated. Firstly, the one who contributes to the production process has the first claim on it; other claims come only next. Secondly, the entitlement is relatable only to the contribution which one makes through his individual effort and nothing else. Within the frame of these principles all superfluous claims have to be eschewed from the entitlement matrix. The obvious examples of such claims are those relating to advertisement and services of intermediaries of a large variety. In many cases, even though a service may be essential, the size of the establishment may be too big compared to its basic responsibilities. The bulging secretarial and supporting services, long chains of middlemen, huge administrative organisations and police establishments are now clearly dysfunctional. A substantial part of their entitlements are, therefore, superfluous. So long as superfluous elements are not eliminated their claims will continue to make a serious dent in the entitlements of others, particularly the poor.

On the side of production, the individual's physical and intellectual effort is no doubt central, yet a substantial part of the production is relatable to what are essentially the nature's contribution and additives due to technological and organisational inputs. These elements really belong to the nation as a whole. Therefore, if all those claims on them which are being made by taking advantage of the strategic positions occupied by individuals and institutions are identified and disallowed, a great burden on the national economy would be removed. Further, if the entitlements to those gains are wisely and equitably planned, poverty will have no place in such a national distribution frame. Consequently, a major issue in distribution is identification of these additives and their proper utilisation and equitable allocation.

We have cleared some of the concepts earlier with a view to freeing them of those elements which may be amenable to be used for pressing spurious claims. While these elements need to be weeded out, they comprise only one part of the entitlement game. The other part which is equally important concerns those claims which either may not have been admitted at all or may not have been fully admitted. This may be illustrated with reference to the care of the old and the nurture of the young. Since these are a part of the generational obligation, they have to be accepted as the first charge on the gross national product. It may, however, be clarified that this may not be construed as assigning this responsibility to formal institutions. A major share of this responsibility must be embedded in the family system for which adequate provision should be made

while defining the norms relatable to a family like minimum wage, medical services, and size and facilities of a housing unit. In the absence of a clear policy in this regard the needs of parents are being systematically ignored in all government and public sector housing programmes. Some aspects of the care of the child and the old, however, cannot be attended to within the family frame for which institutional arrangements will be necessary. For example, the State must assume direct responsibility for education of children particularly for elementary education. The outlays for education should appropriately be the first charge on the State exchequer. So long as poverty persists, nutrition of children also has to be a direct responsibility of the State. The next category of persons whose entitlement on the GNP deserves to be fully recognised comprise the disabled and the sick. Ideally they should be taken care of within the family frame. However, the incidence of disability is ubiquitous and, therefore, cannot be taken into account while making provisions for a normal family. Consequently, direct assistance by the State to the disabled becomes necessary. The incidence of sickness is more widespread but its seriousness is highly variable. Care of the sick should be basically a family responsibility but it should be supported by an efficient health service for all which should get the highest priority in the allocation of resources. Maternity stands on a different footing, being a part of the generational obligation. Maternity services, including the traditional ones, should be the first charge on the State exchequer.

If this perception of entitlements had been accepted, most of the present distortions in the national economy would have been avoided. For example, as the production capabilities of our national economy progressively improved over the last three decades and more, elementary education and basic health services should have become the first charge on the additional national income. In the first phase, the goal in both these areas should have been universal coverage and increasingly higher standards of all institutions, rather than allowing superficial mass of institutions largely serving the needs of the elite and the affluent to be added in other sectors. In that case the educational system itself would have got attuned to the requirements of these national services. Similarly the production capabilities would have been geared to equip schools and hospitals rather than for promoting vulgar and destructive consumerism. This structural change in the institutional entitlements on the gross national product is crucial and should be the first major step for effecting equitable distribution.

Defining the National Wage Level

With a clearer perception about the question 'who is entitled?', we may now consider the quantum of various entitlements and their relativities. As noted earlier, an individual is entitled only to that which is directly relatable to his personal effort and nothing more. There are, however, two ways in which he can legitimately partake in the benefits accruing to the economy in the form of the Nature's contribution and other additives.

Firstly, he may get a share via social consumption as a citizen. Secondly, as the benefits due to the Nature's contribution and other additives are shared equitably, the general wage structure relatable to personal effort may itself become buoyant. However, an important question arises at this stage whether the rewards for personal effort and other additives can be finely differentiated and clearly set apart in a complex mix of inputs and outputs in the modern economic system. Similarly another question is whether such an exercise, even if feasible, will be desirable and, if so, at what level of refinement.

That conceptual clarity on this issue is necessary has been conclusively demonstrated in our analysis of the phenomenon of poverty. In fact, non-recognition of any claims to the Nature's contribution and other additives by virtue of the accident of the position which a person may occupy in the system has emerged as an important pre-condition for equitable distribution. Nevertheless, refinement beyond a point in this regard may not be possible, nor even desirable. For example, agricultural produce comprises fruits of individual effort and also the Nature's contribution. It will not be worthwhile to quantify the return for his labour and the Nature's contribution separately and pool the latter at the national level only on considerations of logistics. Such a step will go against another basic premise of ours, viz., decentralisation and establishment of a village-centred economic and administrative system. Since ours is an agricultural country with a large population and limited land-base, a small owner-cultivator who does not employ labourers on labour-displacing machines for cultivation may be taken as a representative common man. Therefore, the income from a small family farm including the return for individual's labour inputs and also the Nature's contribution should appropriately become the basis for determining the reasonable wage level for the entire national economy. As the benefits of other additives due to technology and organisation permeate the system and reach the level of even a small cultivator, it will be reasonable to expect that his income will also rise unless the adverse terms of trade continue to play havoc as at present. The general wage level in the country will, therefore, also gradually improve. The cut-off point between the marginal farmer and the small farmer as defined by the Central Government may be taken, to begin with, as the working definition of a small farmer for this purpose.

Four-Sector Model

We may now enlarge the scope of our discussion to all those who are directly engaged in productive activities and comprise the bulk of the working force in the nation. We will adopt a four-sector model for this purpose. The four sectors may be taken to comprise (i) workers in the industrial and organised sectors, (ii) workers in the unorganised urban sector, (iii) all agriculturists excluding marginal farmers, and (iv) marginal farmers, labourers and rural artisans. The urban poor have not been included as a special group in this categorisation since they are essentially

a part of the mass of rural poor forming an exclusive class thereof who happen to live in urban areas.

The relative entitlements of the urban, comprising the first two sectors, and the rural, comprising the last two, are dependent on a number of factors and State policies many of which are not explicit. The mainstay of the organised sector is industry and commerce through which the bulk of the additives due to technology and organisation accrue to the national economy. The third sector comprising cultivators obviously depends on productivity in agriculture which is now beginning to get some benefits of technology as well. The economic condition in the second sector depends on the situation in both the first and third sectors. The condition of those in the fourth is inexorably linked with the conditions of agriculturists in the third category both due to persisting traditional relationships and also due to the new formal employment links being established with them. The economic situation in the urban centres may have only a marginal or no influence whatsoever on their economic condition.

The basic issue before us is how to steer clear of all those forces which are distorting the entitlements of people in these four sectors and reach the core element, viz., the individual's labour and its contribution. We may ignore for the present the artificial economy of the middleman and distortions due to manipulations many of which are looming large in our nation and have to be reduced to the minimum. The wages in urban areas, particularly in the first sector, depend on the bouyancy in that sector and also on the level of agricultural prices which are a major determinant of cost of living. Agricultural prices, in their turn, determine the general economic condition of the agriculturists and also the wage structure of non-agriculturists in the rural area. The prices of industrial goods are largely 'managed'. The wages of labourers in this sector get automatically adjusted with the rising cost of living, though with a time lag, and in their turn are taken as an important determinant of industrial prices. Thus, a vicious circle is created. The prices of agricultural commodities are also managed, but not by those who are engaged in their production. Traditionally these prices have been managed by the urban centres to their advantage and manipulated by the urban-based middlemen to maximise their profits. Of late the State has also appeared on the scene. But the basic premises for determination of agricultural prices, which are mostly implicit, continue to be highly biased against the agricultural sector as a whole. However, the bigger cultivators are able to escape the full impact of adverse terms and even succeed in making good the loss by a greater squeeze on the poorer groups. The implications of low agricultural prices for the economy of the small and marginal farmers, who comprise bulk of the rural population, is disastrous. It is the economic condition of this group which determines the effective wage level of agricultural labours and also of other groups in the rural economy. Thus, the wages in the urban industrial sectors and the rural sectors are at the two ends of a complex web of intersectoral linkages. Consequently, there is no rational basis for the prevailing relativities

notwithstanding provisions of statutory minimum wage for agricultural labourers which itself is highly inequitous due to the biased perception of the elite.

It is clear from our earlier analysis that the high wage structure in the organised sector is largely due to the fact that it has retained the benefits of all the additives which really belong to the national economy as a whole. It is also receiving huge benefits due to invisible transfers from the agricultural sector. It is, therefore, obvious that the wage level prevalent in the organised sector cannot be extended to the entire national economy for the simple reason that similar benefits are not available elsewhere. On the other hand, the wage level in rural areas is low because of the comparatively lower agricultural prices or adverse terms of trade and the operation of massive processes of deprivation against the rural sector. The rural wage, therefore, is 'deprivation wage' which obviously cannot be accepted as a norm at the national level. The inevitable conclusion is that the economic situation of the small farmer can be the only reliable starting point of determining an equitable national wage level. In this event the economic gains of the small farmer will largely comprise the rewards for his personal efforts and the Nature's contribution besides some element of the additives due to technology as well. The corresponding wage level in the industrial sector will comprise the reward for the worker's individual effort and only a reasonable share of other additives accruing to that sector which today they are able to commandeer in full and more by virtue of their vantage position. This linkage of wages in the organised urban sector to the national wage level will, thus, release a substantial part of the benefits due to other additives for being shared in the larger economy. On the other hand, the decision to step up the wage level in the rural sector to the national wage level will mean formal acceptance of a large gap between the real and the desirable on equitable and objective considerations. In fact, this is the case even now notwithstanding the fact that the minimum wages are very low and exploitative simply because they do not have the strength and support of a clear national perspective. This gap, once accepted unequivocally, can be made good but subject to an important condition that the benefits of additives due to technology and organisation accruing to other sectors in the economy are passed on to the fourth. Since the agricultural sector as a whole is at a great disadvantage, notwithstanding the visible prosperity of a small section therein, this will require a major change in the prevalent economic relationship between the urban and the rural.

A Basis for Parity and Differentials

We have already analysed the economic implications of many a non-economic institution adversely affecting the rural economy. To the extent requisite corrective measures are taken, the differential between the urban and the rural economies will decrease. Nevertheless, the basic issue in the rural-urban dichotomy is the terms of trade between agricultural commodities and goods and services of urban-industrial origin. It is through the

manipulation of the terms of trade that the rural sector is being denied not only a share in the benefits of additives accruing to other sectors but is being deprived of even the benefits accruing to the rural sector itself. So far the poorer sections are concerned they are losing even a part of due return for their labour input. Therefore, unless the premise that the entire nation has an equal claim on the Nature's contribution and other additives is accepted as the basis for determining the relative prices of agricultural produce and this principle is applied objectively and equitably, the deprivation of the rural economy will continue and the condition of the poor cannot improve in the foreseeable future. In the absence of clarity on this vital issue the factors which are taken into account for determining the support prices of even some of major agricultural commodities are neither adequate nor realistic. Moreover, the methodology adopted is more relevant to the problems and situation of a small section of capitalist cultivators; in fact, this group is unconcerned about the problems encountered by the masses.

The basis for parity between different sectors of the national economy has to be the situation of the common man. Further, the quintessence of all social and economic development is the life in the family and its economic status. Consequently, the kernel around which the urban-rural relationship should be built can be taken to comprise those goods and services which are needed by an average family for a reasonable living. This should obviously include all wage goods besides a reasonable quantum of educational and health services.

If the total demand of all families in the nation based on this kernel is assessed will we get the desirable package of goods and services which must be provided for in the national production plan. If there are any shortfalls they should be made good by additional production effort in those lines on a priority basis. Moreover, the relative prices of different components of this kernel cannot be allowed to fluctuate violently or move in one direction for long. In case this is not done the fortunes of those sectors which are responsible for producing those goods and services whose prices may lag will be adversely affected. Consequently, it will be desirable to maintain parity between the prices of all wage goods and essential services irrespective of the fact whether they are of rural origin or of urban origin. If this principle is accepted, a certain base line can be adopted which may be taken as representing a reasonable level of relative prices of goods and services included in the kernel-package. The prices in future of all the constituent elements should be so managed that they move in unison. The big setback which the rural economy has received in recent years will be clear from the fact that the differential rise in the goods and services of urban origin compared to those of rural origin in the family package has gone up by a factor of about three as compared to the 1951 relative prices. If the agricultural prices had risen in the same proportion, the conditions of rural areas would have been much better and the rural poor also would have received a reasonable share of those benefits.

We have thus arrived at a reasonable basis for determining the

urban-rural relationships and also the criteria for the national wage level. The next question which may now be taken up is about relativities of wages as between different professional groups and others, both in urban and rural areas. The national wage level should be the obvious starting point. It will be necessary to introduce a reasonable differential based on skills, conditions of work and its agreeableness or otherwise, as also social status, location of job and such like. The biggest bias in the occupational relativities has been introduced by dubbing the bulk of the rural economic activities as unskilled. The most telling example in this regard is that of agricultural labourer. Agriculture is one of the highest skilled vocations incomparable in its complexity to anything which even the highest professionals in the modern sector may be required to attain individually at any time. While the labourer acquires the skills in the school of life, the professional attends a formal institution. Such inbuilt biases should be removed and the levels of skills scientifically determined in which the skills of agriculturists should be accorded a place of honour due to them. We have also noted a blatant bias against certain traditionally low-caste occupations like that of midwifery, flaying and scavenging. Not only their skills go unrecognised but in the case of flayers and scavengers the disagreeable nature of their jobs goes unnoticed in the determination of their wages. On the other hand, there is hardly any need to provide large differentials for softer jobs in the tertiary sector which have a higher prestige value. Yet, for those who can command the system, the sky is the limit. There is no justification for a differential of more than two between the unskilled and the skilled labourers and at most three for the most highly skilled labourers. If the national wage level is equitably fixed, even the highest professional groups cannot justifiably claim a differential of more than five in our national economy. These high prestige softer jobs will remain overcrowded even if the emoluments are much less, as is clear from experience in the advanced countries. In an egalitarian society this differential of five should be gradually reduced to not more than three so that no person irrespective of his position in life can afford a claim on the personal services of another honourable member of the national community.

Thus, we have a broad framework for a national wages and incomes policy. These ideal relationships are attainable within a reasonable time-frame provided the perspectives outlined here are fully appreciated and the national parameters for development discussed earlier are unequivocally accepted. As the spurious claims on the national economy and State exchequer are squeezed out and due claims are recognised, the most vicious factor contributing to those imbalances would have been neutralised. The weightage in favour of goods and services of rural origin should be gradually increased so that a reasonable balance between the industrial, professional and rural sectors is established as quickly as possible. It will be necessary to work out in clear quantitative terms the intersectoral relativity in the ideal situation to be treated as the base-line and also the current

deviations therefrom so that the resultant gap can be bridged in a planned way and its progress can be closely monitored. The wage indices in all sectors of our economy and also the price index of wage goods and essential social services of rural and urban origins should be regularly compiled and presented for general information so that those trends in the national economy which are relevant for equitable distribution are widely known.

The adjustment of industrial wages to the price level is a well accepted principle and is also being used extensively though there may be some time lag. A similar principle has been adopted for the salaries of public servants. On the other hand, not only are the statutorily fixed minimum wages in the rural sector low and actual wages still lower, even the need for their continuous adjustment has not been realised. The minimum wage revisions are, therefore, erratic and far from satisfactory.

In sum, it may be stated that the national wages and equitable distribution policy suggested above implies the following:

(i) Full parity should be maintained on a continuing basis between the prices of goods and services, both of urban and rural origin, which are needed by a common man for maintaining the family at a reasonable level of living.

(ii) The prices of major agricultural commodities like wheat and paddy, should be linked to the prices of essential goods and services of urban origin. The prices so determined should be treated, wherever necessary, as support prices by the State and announced well in advance as is being done now but following a different logic.

(iii) The income level of the small farmer with reference to the agricultural prices so announced should be determined annually. This income level should be deemed to be national wage level, as also the minimum wage level, for all sectors of the national economy which should be announced regularly.

(iv) The relativity of the wages and the salaries of persons belonging to different skill groups as also for different vocations and professions with suitable internal gradations should be worked out taking the national wage level as the norm within an overall spectrum of 1 : 5 to begin with as suggested above. The adjustments in the national wage level should automatically become applicable to the wages and salaries in all sectors at all levels.

In view of the fact that we have taken a small farmer as the central figure in the national wages and equitable distribution policy, it will be necessary to make the concept of the small farmer precise and unambiguous. The quality of land, the level of its development, the intensity of land use, the extent of capital use, etc., are highly variable from one plot to another and also from one region to another. Consequently, the levels of income from the same area of land are not comparable. One facet of this question relates to regional imbalances which we shall discuss later. In the present case the small farmer may be taken as the one who owns above 2.5 acres of land of medium quality without irrigation. The level of income should

be determined with reference to the major crops in the country like wheat and paddy in the fields of such cultivators who may be using various agricultural inputs at par with the per capita national level for unirrigated lands. In this case, persons having better quality land in smaller holdings and poorer quality lands in larger holdings will be at par with small farmer. A graduated scale depending on the quality of land should be prepared for all lands in the country to determine the status of a cultivator as a small or a marginal farmer. A big farmer may be the one who may own more than, say, three times a small farm holding.

If land is accepted as a means of livelihood, the size of an agricultural holding in the long run will not be more than a family holding. Moreover, as an equitable national wage policy is implemented with increasing vigour, larger holdings will become uneconomical unless their productivity is increased by using better inputs, irrigation, etc. In the context of our national parameters the use of labour-displacing machinery in any form is inequitable and incongruous. Therefore, the use of agricultural machinery should be discouraged. On the other hand, all those investments which are land displacing should be encouraged and promoted. This will help in absorbing more labour within agriculture even when a reasonable national wage level is accepted and strictly enforced.

If the wage differential in the national economy towards which we may gradually move is accepted as 1 : 3, the same principle may be followed with regard to land ceilings which may be fixed at three times the small farm holding comprising land of medium and/or better quality. A multiplier for poorer lands may be introduced which will raise the ceilings in the case the land owned by an individual happens to be marginal and poor. The rise in productivity of land for any reason including land development and irrigation should not count for the purposes of determining the ceiling. The distinction between unirrigated and irrigated lands for this purpose has been one of the most serious deterrents for the bigger cultivators to bring their lands under irrigation. Such a policy decision will provide a frame in which the agriculturist becomes a co-sharer in the buoyancy of the national economy as the benefits of technology and the deepening of capital-base become available to them in an increasing measure. It may, however, be reiterated that there should be no place for labour-displacing technologies in this frame. It is anomalous that the existing ceilings should be so high as to allow the use of tractors, yet the fear of a drastic reduction in the eligibility of landownership should discourage the one who can afford from bringing the land under irrigation. As the per acre productivity of land increases with higher investments in land but without allowing labour-displacing technologies, the economic condition of the poorer section of the people will improve and the redistributive processes in the rural economy will gather momentum. This process can be reinforced if the poorer cultivators are given a right of pre-emption and also helped financially to purchase land from larger landholders. The bigger cultivator will have some more capital for investment while the marginal farmer will

become a viable cultivator. Moreover, this will curb the present trend of lands being acquired by moneyed people. This will also counter-balance the huge transfers of current incomes and capital from rural to urban areas and help in correcting the present inequitous equations between the two sectors.

Any policy frame aimed at distributive justice cannot afford selective and partial coverage. The biggest irony in the post-Independence period has been that most of the staunch and articulate supporters of distributive justice in rural areas have attacked the *kulaks* without realising that they themselves have been instrumental in creating a much bigger class of neo-*kulaks* in urban areas. These people have amassed unlimited wealth and property and are living in unimaginable luxury rendering the traditional *kulak* in comparison insignificant, notwithstanding the oft-quoted but isolated cases of real affluence even amongst the rural group. In the present national milieu of vulgar consumerism and affluence all round this small section of the rural affluent cannot be expected to relent and accept that something is wrong in the system to which they belong. In self-defence they understandably attack urban affluence. In the final analysis, all this debate is turned into a mock fight amongst *thugs* or professional cheats of all descriptions, urban and rural. Any policy frame which may be considered suitable for rural areas, therefore, should also be extended to urban property and incomes as well.

The urban situation is very complex compared to the rural. Firstly, there are implications of technological dualism. Some activities involving high technology may also need a bigger organisation or large-scale operations. This should, however, be an exception since technology itself can be and should be tamed in terms of the size of its operation so as to serve the basic social objectives. Moreover, even large-scale operations need not be over-centralised. Their assembly lines can comprise a long chain of well-knit small units. The present trend to opt for the softer alternative of capital substitution for organisational failures should be scrupulously curbed in the new policy frame. The Railways and the Postal Services are the two outstanding examples of success which can be achieved in organising a large labour force with a variety of modest skills into a reasonably well-knit and efficient working system. They are serving our national economy reasonably well and high technological inputs may not necessarily yield larger dividends in terms of efficiency and productivity. The real problem in their case is not outmoded technology but the slackening and disorientation of bloated human organisations with superficial mass—a major national issue in all sectors.

A major part of additives accruing to the national economy is due to applications of science and technology and organisational inputs. It is, therefore, appropriate that economic activities involving high technology and large-scale operations should be in the public sector so that the gains from technology and organisation can be equitably absorbed in the larger national economy through that sector. The much maligned public sector

in our country is an unqualified success story notwithstanding the tremendous handicaps under which it has been working. The liberal, and not infrequently populist, labour policies of the State, heavy bureaucratic overheads, restricted and regulated marketing and rather ubiquitous State control are part of the public sector functioning. The public sector should and can take new responsibilities much more effectively with a clearer perception of the national goals and its role therein.

The norm for high-tech establishments should be fixed at the minimum irreducible quantum. Ideally these units should be owned jointly by the concerned workers operating them. However, to begin with, private ownership may be allowed in non-factory establishments only. The present limit of 10 persons in establishments using power or 20 persons in establishments without power should be reduced to 5 and 10 respectively. Beyond this level the ownership of the means of production should become broad-based with workers acquiring a right in it. As the national wage structure is rationalised, the workers even in these small establishments will be benefited and a part of their wages could go towards acquiring a share in the corpus of the concerned establishment. Thus, as the benefits due to application of high technology accrue to workers in larger measure, capital formation will become more broad-based instead of being limited to the individual owner. Moreover, the ownership right, which is not merely gifted by legislation but earned in this system, will instil a greater sense of responsibility and become an incentive for greater productivity. Workers' participation in the absence of their direct involvement by way of contribution to the capital assets in an establishment tends to become an instrument for deriving larger benefits not necessarily with a sense of responsibility. Even in larger establishments the same principle should apply and institutional methods should be devised so that participation in capital formation management should go hand in hand.

It is obvious that the large private sector in our country cannot be restructured so as to conform with the norms outlined above overnight or even in the foreseeable future. To the extent private ownership of the means of production is allowed to continue, there will be dissonance between the reality and the national goals of establishing an egalitarian social order. What should and can be done is that this dissonance should not be allowed to increase further and measures should be taken to reduce it gradually. Firstly, all new opportunities in our expanding economy should conform to the above model. Secondly, the large additives due to technology and organisation which are being absorbed by the organised sector, particularly the private sector, should be effectively mopped up. In the absence of a clear perspective the various measures taken for this purpose including corporate taxation, import duties, excise, etc., have been rather *ad hoc*, inadequate, uncertain and consequently subject to pressures from the vested interests. The unequivocal policy of mopping up the additives will ordinarily imply (i) a sharp rise in import duties, (ii) upward revision of all royalties on minerals and other natural products, (iii) equitable terms to

the producers of raw materials, (iv) higher interest rate on capital employed in the organised sector, and (v) a well-considered frame of excise duties. It may be recalled that at the moment the additives being cornered by the organised sector are being used (i) for supporting the highly inflated wage structure, (ii) for bolstering a variety of malpractices including cuts and commissions, and (iii) for indulgence in wasteful expense account of both varieties—white and black. The wage-structure can and should be moderated. Once other equations are equitable the large margins will get reduced. Expense accounts should be totally disallowed so that those in positions of authority in the private sector are brought within the parameters of the national wage and equitable distribution policy.

The biggest source of differentials in the national economy is the urban property and its steeply rising value. The biggest source of windfall gains and unearned income is real estate. In the overall national accounting, if certain benefits are absorbed by a certain group by virtue of its vantage position, it simply means cornering of benefits which are really due to other factors. The most desirable course would be not to allow such unearned benefits anywhere. Alternatively, these benefits should be mopped up by the State and equitably absorbed in the national economy. The first point of action will be in regard to the rising value of urban property and working out a reasonable pricing frame. The prices of agricultural lands at any given time may be taken as the norm for determining the reasonable prices of urban lands as well. The reasonable price of urban land should be simply the prevailing price of agricultural land *plus* the cost of development. All margins above the reasonable price should be taken away in the form of diversion tax by the State. This diversion tax should be used exclusively for improvement of rural habitats. Since the equations between rural and urban lands are changing continuously, this tax should be levied whenever there is transfer of land-based urban property. The diversion of agricultural land by the cultivator-owner for non-agricultural purposes for his personal use should be exempt from this tax.

If we extend the underlying principles of landownership in rural areas to urban areas, certain measures logically follow. No individual should own more than one dwelling of a reasonable size sufficient for a family. However, a person may be allowed to have another dwelling in a village for maintaining rural links and also to facilitate his return to the village in due course. The future policy on urban housing, already in vogue in the limited context of Delhi, should be guided by this principle. The unearned income accruing to house-owners in urban areas should be mopped up giving an allowance only for depreciation, maintenance and interest on capital which should include reasonable prices of land and cost of construction with moderated specifications only as the base. Tenants should be given the option of acquiring property right after a period on hire-purchase basis or otherwise at current value of the house. But the unearned capital gains should accrue to the State in the form of a transfer

tax. All transfers of property other than by inheritance should be subjected to a transfer tax equivalent to unearned capital appreciation. These measures will provide an effective check on soaring property value in the urban areas and reduce significantly the urban-rural differential. Moreover, since the resources so gathered in the ultimate analysis represent the addition accruing to the national economy, their distribution can be made more equitable by creating new urban centres in a planned way with the clear objective that they will primarily serve their rural hinterlands as centres of economic and social services.

Social Dichotomies

The social dichotomy in relation to the poverty issue has four facets, viz., (i) occupational, (ii) command of resource, (iii) locational and (iv) educational. The national wages and equitable distribution policy should correct the inequitous equations against vocations based on traditional skills. Similarly all caste-based traditional services should be given professional status and modern organisational forms suitably supported by the State wherever necessary. Moreover, the differentiation introduced due to selective use of modern technology and organisational forms in the traditional professions should not be allowed to continue on caste lines. A two-pronged attack on this problem will be necessary. Firstly, those engaged in these professions should be provided necessary training and capital support to enable them to take advantage of new technologies. Secondly, the inequitous equations between modernised jobs in the traditional vocations and the rest which involve drudgery and also disagreeableness should be corrected by giving liberal weightage to the latter in the wage structure.

The fact that the command over and access to resources have a deep-rooted caste-bias has to be fully appreciated before effective correctives can be applied. Moreover, it is the rights of the poor which are under tremendous pressure not only from the stronger sections of the community but also from the State. It is imperative that this encroachment by individual and institutions should be stopped forthwith. All land resources should be assigned to the resourceless poor but subject to a new principle of family-labour-based right of usufruct and corporate support for technology and organisation. The principle of family-labour-based resource ownership which will be discussed in detail while presenting an alternative model should be accepted as the national policy. Other redistributive processes should also be encouraged. The locational advantage enjoyed by the higher castes will be lessened as measures for reducing the urban-rural dichotomy become increasingly effective. Nevertheless, the locational benefit of those already in urban areas should be further neutralised by imposing an effective ceiling on urban property and enabling rural people to have a foothold in urban areas on easy terms.

The most important reason for the persistence of social disabilities is the big differential in educational facilities both in terms of accessibility

and quality, depending on the economic condition of the people and the place of their residence. Good education for all irrespective of the accident of a child's birth in terms of social and economic status of the family or place of residence will prove to be the biggest equaliser and the most crucial corrective of iniquitous equations.

Regional Imbalances

The contributing factors for regional imbalances are (i) urban-rural dualism, (ii) highly depreciated prices of major food crops particularly in comparison to cash crops catering to the needs of the better off sections and urban areas, (iii) differential in the gains to individuals due to land development, irrigation, application of technology and their multiplier effect in the absence of a mechanism to mop up the additives for common good, (iv) adverse economic relationships between backward and advanced areas, and (v) a differential in the level of capital investment and sub-optimal utilisation of resources. The various measures for correcting the equations in favour of the poor suggested so far will also benefit backward areas. Nevertheless, some special measures will have to be taken to correct the inequitous regional equations. Firstly, there are some areas which have some fundamental characteristics of backwardness like hill, desert, drought-prone, chronically flood affected, saline and tribal areas. These areas will require supplemental investment to counterbalance these handicaps. Nevertheless, these characteristics of backwardness should not be allowed to become a vested interest and by themselves a sufficient reason for diversion of national resources. For example, in some of the hill and tribal areas poverty is not the real issue and, therefore, the structure of investments and its rationale will have to be different. We have seen that in our country a 'reverse centre-periphery' relationship has emerged which calls for a review of the national investment policy and allocation of resources.

The most vexed and poorly understood issue is that of mopping up additives from the small affluent rural sector and its re-deployment. If the terms of trade of agricultural produce are made equitable, this section will make further substantial gains. While the urban-rural dualism has to be removed, there is no reason why within the rural sector certain sections should be allowed to retain the large additives and consolidate their stranglehold on the rural economy taking advantage of their new-found power. We have already said that the economy of a small farmer should become the standard measure of Indian economy. The small farmer should be helped to develop his land and maximise his income. Since a three fold differential in the incomes above the national wage level is acceptable, those cultivators who own upto three times the standard family holding should be deemed to comprise a separate category of, say, middle farmers. Those cultivators owning more than three times the standard holding may be considered as big farmers. The policy in relation to (i) marginal and small farmers, (ii) middle farmers and (iii) big farmers will have to be different. So far as the

development of land is concerned all the three groups should be suitably assisted through village institutions but on different terms, as we shall discuss in Section III. The additives accruing to the big farmers in excess of the income level of a medium farmer should be mopped up according to a graduated scale through direct taxes as in the case of the urban corporate sector. While the proceeds of these taxes should become a part of the national pool these should be ploughed back in the rural economy according to a scheme aimed at reducing regional imbalance. The middle and small farmers as also other sections in the village may be expected to contribute suitably to the consolidated fund of the village or the circle as the case may be for supporting the various economic and social services in the relevant area.

Profits, Margins and Wasteful Expense

All profits and margins comprise a share in the additives accruing to the national economy due to elements other than labour. If the policy of determining the national wage level with reference to the general economic condition in the country is accepted, it will imply absorption of these additives more equitably in the entire national economy reducing the scope of large margins prevalent at the moment. Similarly as vulgar consumerism is curbed with a strictly defined production portfolio and stringent measures against the use of non-essential goods, the power of money even if there are substantial holdings in a few hands will be greatly reduced. In that situation counterpart investments can be made in priority sectors even by creating money. Nevertheless, it will be necessary that all spurious claims on the national productive system are disallowed and margins of all descriptions are strictly regulated. For example, advertisement as an industry has no place in our economy. The ubiquitous contractor-middleman can be dispensed with. The claim of intermediaries can be reduced to the minimum or even eliminated by suitable institutional devices. While a substantial part of resources absorbed by these sectors will become available for distribution, the energies of those engaged in these wasteful activities can be channelled in socially useful activities. In this context general taxation system should also aim at mopping up undue accrual of additives in the hands of those who occupy vantage positions discounting all rationalisations like incentives for innovation or their contribution to savings and investment. The logic of a planned economy should steer clear of these traps and rest on the firm foundation of socially useful efforts and rewards strictly related to their merit.

In the same vein the huge paraphernalia of the State needs to be trimmed and the surplus manpower resources suitably re-deployed. As the village community regains its authority to manage its affairs, much of the rationale for a big law and order apparatus will disappear. The State could concentrate on certain basic and critical aspects not as an extension of its authority from the headquarters to the field but as a support system to the people and the community. No institution should be allowed to

continue if it does not serve the purpose for which it was established or if the situation in the meantime may have changed rendering it superfluous. Re-deployment of personnel should not be a difficult problem in a developing economy particularly when the vast rural areas continue to be deprived of a variety of modern services. No individual can claim the privilege of continuing in a job even when it is not needed or of working at a place of one's choice. In a social and economic situation which is changing at a fast pace re-deployment of personnel on a continuing basis has to be one of the basic elements of national policy. It should be clear that each employment without full contribution to the system means a cut in what is due to the toiling millions and depriving the people of some other essential service. Similarly the superfluous mass of a variety of personnel engaged in offices and establishments as prestige symbols, decoration pieces or personal servants, many of them being engaged as contingency paid employees to circumvent rules and ensure subservience, should be slashed ruthlessly. Austerity should become the rule in all official dealings. Public expenditure on maintenance of ostentatious offices, luxury guest houses and fleets of staff cars should be slashed so that official life harmonises with the general living conditions in the country. This should set the tone of working in the public and also the private sector organisations whose overheads have become phenomenal. In sum, the huge burden the nation is required to carry simply because those in authority have opted for a life style which we can hardly afford must be shed. This will release large resources pre-empted by the organised sector and will pave the way for more equitable distribution and social justice.

National Equations and International Perspective

The balancing of internal inter-sectoral equations with reference to our national parameters and perspectives will require a clear perception of international linkages, relationships and equations. The present situation where our organised urban sector is behaving like an extension of advanced economies cannot be allowed to continue in the fond hope that it represents the shape of things to come for the entire nation. We have to rid ourselves of this illusion as a nation. Our national parameters are to be defined with reference to our resource-base reflected in the ecological constraints and social equity norms. Acceptance of any equations for a small group in the nation with those of their peers in the advanced countries, explicitly or implicitly, has one inevitable implication, viz., distortions of national inter-sectoral equations. Consequently, the international equations have to be worked out with reference to our general national norms. Thus, a dichotomous and dualistic national-international structure has to be accepted and rigidly enforced.

We may begin at the top. Since the level of incomes even at the top will have to be determined with reference to the national wage-level, the style of living will have to be moderate with emphasis on non-physical elements. A sense of pride in austere living with dignity in an egalitarian

order should be inculcated through education and also by examples set by leaders in all walks of life—political, social and economic. The contradiction between the luxurious offices supported by public funds and the hovels and dirt in which the poor live should be a matter of shame. There is no reason for feeling apologetic for an austere outfit for any office—high or low—which will be in harmony with the national situation. It should be taken as a shame to have airconditioning for the hale and hearty high dignitaries while the sick sweat and shiver in the crowded uncongenial wards of our hospitals. No rationalisations should be allowed to disturb the equity frame. In fact, we must have our logic clear on all issues. We cannot expect honesty to permeate our national life so long as the 'five-star' islands exist in which no one can ever dream of stepping in on the strength of one's legitimate personal income. Five-star tourism is vulgar, insidious and counter-productive. A large nation like ours aspiring to the title of greatness cannot be really concerned with immediate petty and spurious gains emulating small trading centres. Our foreign guests should be welcome to share our modest style imbued with human warmth and cultural riches. Tourism should be taken as a transaction in human understanding and goodwill rather than in rupees and dollars. The war against dirt and disease should be fought by our concern for the basic values in our national life rather than by our concern for what other people may think about us.

International economic dualism and national technological dualism have to be made compatible by the leaders of science and technology. While in high technology sectors we have to compete on terms of equality with other nations, our concern in other sectors should be adaptation and utilisation of the latest findings in various fields in the world to meet our problems. Consequently, a truly national frame of assessing scientific achievements and their recognition has to be developed. This will be possible only if we are clear about our national perspectives and priorities. Our top scientists and technologists should be proud of what they may have been able to achieve in relation to solving the unique problems facing our masses rather than running after international recognition for solving inconsequential and small problems and accepting their norms for our national endeavour. It is a question of re-defining our priorities and liberating ourselves of the obsession of other men's views about us.

Reward and Effort

The virtual delinking of reward from individual's contribution to the national life is not only at the root of vulgar consumerism, but is also the biggest source of motive power of all the divisive and parochial forces which are destabilising national life. This phenomenon needs a deeper analysis and clearer understanding. A virulent virus was injected in our national system when equity, which essentially means establishment of a rational reward system uninfluenced by pseudo-claims of vested interests, was given a second place in favour of higher production *per se*. The specious premise was that once the production potential of the nation rose, equitable

distribution would automatically follow, failing which, it could be consciously directed. Another mistaken notion, at variance with the Gandhian ethos, was that the general milieu of contentment amongst the Indian masses was a serious obstacle in the way of material progress. It was not realised that hunger and want could not be met by mere philosophy although their psychological impact could be softened, and that given the opportunity, the poor in the country, who had suffered untold deprivation since the British days, would be second to none in hard work and dedication for earning a decent living. In fact, the implicit licence for greed in the scathing attack on contentment and limited needs seriously violated the value structures of the people. Like any consistent system, intervention in the life of the people at one point cannot be contained within the prescribed limits, as may be visualised by the planners; the whole system becomes vulnerable and subject to change in unpredictable ways.

With growing emphasis on achievement in the absence of clearly defined constraints of an equitable frame, while the traditional value system itself was coming under severe strain, it was only a matter of time before a new milieu of quick success by any means would permeate the national life. Our country was singularly fortunate in having political leaders of the highest stature who had graduated through the long freedom struggle within the Gandhian moral mould. The dedication, determination and optimism of our national leaders and the spectacular start of our planned development overshadowed everything else in the nation. Nevertheless, there was a serious omission in relation to a vital issue of leadership renewal in future. Gandhiji, with his typical sense of realism, in his last testament suggested that since the Indian National Congress had achieved its goal as a truly national party it should be wound up as a political party. Instead a Lok Sevak Dal should be organised by social workers which should devote itself to the more arduous task of economic and social reconstruction. According to this proposition a greater challenge had to be accepted by a new organisation which in due course would have thrown up the desired leadership thoroughly tested in the new battlefield. The deeper meaning of Gandhiji's advice was not appreciated at that time and no change was made in the organisational structure of the Indian National Congress. Since the Congress became the ruling party and had the entire administration at its command, its role got gradually reduced to that of giving directions through its members comprising the political executive in the government. In the absence of any concrete programme for the active workers in the field, the process of leadership-chiselling in the ruling party came to an end. There were no objective criteria for leadership renewal as the older leaders faded out, one by one. In this context the potential of a candidate to collect votes at the polls became a major consideration for induction in the political system and upward mobility therein. Most of the political parties started as break-away groups from the Indian National Congress and have inherited the practices prevalent there for selection of their leaders. Consequently, except for cadre-based parties, extraneous considerations like lineage, caste,

religion, language, money-power and, lastly, even muscle-power influence the choice of political leadership.

Thus, political life was the first area in our national life in which the delinking of one's intrinsic qualities and contributions from the rewards got a big start. It is a riddle as to how a visionary like Jawaharlal Nehru who laid the foundations of planned economic development in India did not consider it necessary to provide a strong institutional frame for renewal of a political leadership which could assume the responsibilities of leading the nation on a continuing basis. It appears that our leaders were confident of an early victory even on the economic front. It may be recalled that a 10 to 15 years perspective was considered adequate by the capitalists, the Gandhians and the socialists alike in the draft plans which they prepared on the eve of Independence for the first phase of transformation of the Indian economy in which poverty could be effectively removed. The time-frame in the Constitution for many issues of national concern, like universalisation of elementary education, political reservation for the Scheduled Castes and Scheduled Tribes, special programmes for tribal development, etc., were also of the same order. The ambitious programme of community development which aimed at transforming the rural life and leading the people on the path of self-sustained economic development was given an even smaller time-frame of 6 to 10 years. Perhaps it was this climate of great optimism backed by firm determination, in which the political leaders could clearly visualise the end of the first phase of struggle in the economic field, that was responsible for the more serious issue of leadership renewal in a longer time-perspective not coming to the fore.

Once there was compromise on objectivity in the political arena, it was only a matter of time before the virus spread to other areas of national life. Some of those leaders, who were not required to go through a phase of dedicated service in real life situation of the poor and had reached directly to decision-making levels by adopting one of the softer short-cuts, failed to appreciate the real significance of certain concepts like roles, checks and balances, objectivity, etc., in the working of the system which they commanded. Consequently, they carried their own perceptions and perspectives about life gained through their adventures in the world of short-cuts alone. For example, the roles of administrators and political executives have tended to be reversed as visible authority and unbounded discretion became synonyms of political stature. Once the norms were ignored at higher decision-making levels, many in the system down the line felt free to follow suit. The situation became increasingly complex as the national economy acquired numerous softer zones yielding large dividends unrelated to a clear and objective frame of rewards related to the real contributions. As a result financial gains in many of the newer economic activities have become highly erratic. In many cases they depend on a variety of privileges which an individual can afford to claim from the system. No effective method of mopping unearned gains which, in the final analysis, represent the Nature's contribution, additives due to technology and organisation and proceeds of

processes of deprivation, has been devised. In fact, as we have discussed earlier, these additives have come to be claimed as their rightful due by those who happen to occupy vantage positions in the system. The concept that all advances in science and technology are a common human heritage and additives due to them should be shared equitably by all has not been even reasonably articulated and appreciated. The result is that even in our economic life there is serious disjointing of individual effort and the rewards. In such a milieu a person who may have been denied the benefit of higher education, right connections or a good lineage feels justified in adopting yet another short-cut to success; may be, his villainy or muscle power. The Gandhian dictum that means are central and not results has been reversed. Today achievement justifies the means. The person who aspires to rise purely on the basis of honest hard work is an exception, nay an enigma and is considered as an oddity. As we have seen earlier, there are only two sources of quick gains—the various additives accruing to the economy and receipts of various deprivation processes in the economy. Consequently, quick gains, by their very nature, cannot add to the intrinsic strength of the economic system. It is only the gains earned the hard way that can provide the firm foundations of a strong national economy. The Gandhian dictum of means justifying the ends must be accepted unequivocally as fundamental in all walks of national life.

SECTION III

PROGRAMMES

A Resume of Rural Development Programmes

CHAPTER 11

The big setback our national economy received under the British during the 18th and 19th centuries is not fully understood in the context of the present when Western superiority is taken for granted. It may be recalled that under the onslaught of machine-made goods from England during those centuries an increasingly larger proportion of people had to fall back on land. Trade was fully backed by the State and a favourable climate was created for foreign goods by cleverly designed restraints, disabilities and impositions on indigenous production. It was only during the twentieth century that some industrial growth was allowed, particularly after World War I, on strategic considerations. In the meantime rural economy continued to stagnate, claiming no attention from the State which was a part of the colonial exploitative system. A series of famines in the latter half of the nineteenth century brought to the fore the shocking state of rural economy plagued by ignorance, disease, dirt and poverty. However, there was no basic change in the State policy nor were any significant measures taken to improve the situation. The only exceptions were promotion of the cooperative movement in the beginning of the twentieth century, isolated developmental programmes initiated by some British officials during the inter-war period and the Grow More Food campaign during the Second World War.

While the State was apathetic and even antagonistic there was a growing consciousness amongst the educated persons about colonial exploitation and the deteriorating condition of the masses. The need for taking up programmes for all round development—social, economic and spiritual—for the people, especially those living in the rural areas and disadvantaged sections like the Scheduled Castes, was accepted as the central issue very early during the freedom movement under Mahatma Gandhi. Consequently, no time was lost after Independence and the first major national programme of Community Development was initiated concurrently with the formulation of the First Five Year Plan.

Community Development Movement

The Community Development Programme was envisaged basically as a movement of the people supported, wherever necessary, by the State. The village community was expected to attain a state of self-sustained growth, dispensing with the need of outside support. The growth potential of the natural resources was expected to be fully developed by taking advantage of modern science and technology through a network of extension services which were established for the first time. For example, optimum agricultural productivity was to be attained by measures like development of land, use of improved seeds, fertilizers, plant protection measures, development of irrigation, reclamation of land and consolidation of holdings. The principle of 'land to the tiller' was accepted on considerations of both equity and productivity. Ceilings were imposed on holdings in almost all the States with a provision for distribution of surplus land amongst the landless. The network of cooperative institutions was extended and its functional coverage made more comprehensive. Marketing was assigned a critical role for enabling the cultivator to get the full benefit of his agriculture. The communication network was extended to facilitate and encourage a two-way flow of goods and services, linking the market, the village and the important urban centres. Health services were extended to rural areas for the first time in a planned way with the establishment of one Primary Health Centre and a number of sub-centres in each Block. Similarly there was a new emphasis on education as the Constitution itself envisaged free and compulsory education for all children upto the age of 14.

National leadership was already committed to the re-establishment of Gram Swaraj or self-governing village. Moreover, it was also realised that an important pre-condition for self-sustained growth was the commitment of the people themselves to the objective and the creation of a suitable institutional infrastructure to support it. In the context of the socio-economic situation in the villages it was crucial that the objectives of development, the structure of institutions and the method of working were designed in such a simple form as to be within the comprehension of the people and amenable to their direction and decision-making. A beginning was made in this regard with the establishment of Gram Panchayats as a part of the community development administration. It was envisaged that as we proceeded further and gained experience, these institutions would become stronger and assume increasingly higher responsibilities and finally graduate to the status of autonomous institutions, having under their purview all matters concerning the day-to-day political, social and economic life of the people. Thus, the Panchayat, the cooperative and the school, which represented these facets of life, would become three great pillars of community life in the village.

The biggest achievement of the community development programme was the enthusiasm for development engendered throughout the country. People, for the first time, had the feel of an administration which was committed to serve them through its extension agency and a network of economic institutions, which was in striking contrast to the tradition of

the administration established to rule them. There was high expectancy all around. The community development programme itself shared this ethos. It accepted a small time-frame of 6 years only for the entire scheme, right from initiating the process of development to reaching a stage where the village community could be expected to become self-reliant for development. The first three years were devoted to the establishment of the national extension service and the creation of institutional infrastructure, besides making modest beginnings, wherever possible, in the various fields. The following three years comprised a period of intensive development in the area with the participation of people and matching support of the State. This support was to be gradually withdrawn and phased out during the third stage of community development, by which time the people's initiative would have gathered momentum and become self-sustaining.

The issues of poverty and rural development were too complex to be resolved within the frame of community development. The First Five Year Plan was largely in the nature of pooling together all the on-going developmental schemes and providing them a broader common frame. The community development movement, the only new major programme to be taken up during that period, appeared like a colossus in that background. However, in the long term strategy of development, which found expression in the Second Five Year Plan, rural development receded to the background. Industrialisation was accorded the central position in planning. It was expected to provide the major thrust to development and become its prime mover.

The community development movement itself with its original approach could not continue for long. Achievement of physical targets assumed priority and became an obsession leading to the neglect of sustained effort for engendering the spirit of self-reliance and developing capabilities for self-sustained growth. People's participation, in course of time, became a mere formality and a matter of adjusting accounts, sometimes even by inflating costs and keeping the wages low. The burden of people's participation in these programmes fell largely on the poorer sections who were engaged as labourers. But it did not become oppressive since the general wage-level was already quite low. Some of the items included in the community development programmes were traditionally the responsibility of the village community, e.g., sanitation, maintenance of roads, *nistar* tanks and such like. This burden too usually fell on the poor. In the new climate these people were rather reluctant to carry that load which had resulted in considerable neglect of those important services. An unexpected fall-out of these tasks being undertaken under the community development programmes was that people began to expect the State's assistance for almost everything in the village. Community action for village development thus became an empty slogan. All efforts were directed towards making louder pleadings and longer petitions for help as also for grants to the visiting officials and political leaders.

Second Five Year Plan and After

The community development concept, thus, gradually receded into the background, notwithstanding the general acceptance of the noble principle of democratic decentralisation following the recommendations of Balwant-rai Mehta Committee. There was emphasis on physical development in all sectors of the economy. The establishment of a strong industrial base was expected to be instrumental in the transformation of the national economy, help in the development of rural areas and also help to wipe out poverty from our national life. The unstated assumption was that a harmonious growth would follow in due course even though some temporary imbalances were created in the beginning by spontaneous forces engendered by the growth process itself. The holistic organic growth principle of community development was not pursued and community development became just one of the numerous programmes taken up by the State in the countryside.

The new strategy of the Second Plan did help in building up a strong industrial sector, but the rural economy failed to pick up. The stagnating food production and growing deficits not only affected the rural people, but created an imbalance in the whole national economy. It was clear that with a weak rural economy, growth even in the industrial sector could not be sustained beyond a point, let alone the finer issues of equity and justice. Consequently, there was again a shift in emphasis in favour of rural economy. But the main concern during this phase was agricultural production rather than the overall development of rural areas. The obvious choice was, therefore, to concentrate attention on those areas which already had a reasonable infrastructure and a good potential for yielding quick results. Intensive Agricultural Development Programme was taken up in selected districts. This strategy succeeded in wiping out the recurrent food deficits, notwithstanding occasional temporary setbacks because of unfavourable climatic conditions which punctuated the successive decades.

The great breakthrough in agricultural production can be ascribed largely to (i) additional areas being brought under agriculture by the growing and land-hungry rural population having no other alternative and a substantial programme of land reclamation by the State itself, (ii) a revolutionary seed technology in wheat, (iii) irrigation and (iv) use of chemical fertilizers and plant protection measures. A structural change in the economy of some rural areas ensued with the advent of modern heavy investment-oriented capitalistic agriculture aided by a new technology and labour-dispensing machine. This unwholesome change was even supported by the State with the hope of not only achieving high production targets in the short run, but by accepting, unwittingly though, the wrong premise that larger holdings and the use of machinery could sustain higher per acre yield even in the long run. The earlier goal of 'land to the tiller' was not pursued in its real spirit and receded into the background. Capitalistic agriculture came to be accepted as not violating that basic egalitarian premise. The fact that per acre yield could be much higher in small holdings with personalised care, provided necessary inputs of water, fertilizers, better seeds, etc., were

made available to the individual, was ignored. It continues to be overlooked partly because of the class character of our system and partly because administratively it is easier to reach a few individuals rather than the countless multitude. The same bias is reflected even in the approach of working through progressive farmers and leaving the rest to the operation of demonstration effect and natural spread. The result is that under the cover of achieving production targets following the easier course, inter-class conflicts and intra-regional differences in the rural economy got accentuated and the incidence of poverty continued to remain high. In fact, the lot of the poorest amongst the poor definitely became worse, notwithstanding the commendable achievements in production.

A New Phase in Poverty Alleviation

The ill effects of a dualistic growth and vulnerability of the weaker sections became clear during the severe droughts that occurred in the late '60s which affected the national economy so adversely that the country was constrained to take a 'plan holiday' for three long years. The economic situation was extensively reviewed and a number of new programmes were initiated. The Fourth Five Year Plan marks the beginning of a new phase in our development strategy. It was accepted that the cause of the poor could not be left to the operation of spontaneous forces engendered by the growth process in the economy. Their problems needed special attention and suitable strategy had to be adopted for the improvement of their condition and for eradicating poverty. This period can be said to be a watershed in relation to poverty alleviation.

There were two facets of the poverty issue, viz., (i) regional area-specific problems and (ii) socio-economic growth related problems. That some regions suffered from certain inherent handicaps was clear from the recurring droughts and scarcity conditions. In such regions the overall production capability is not adequate to support the entire population at a reasonable level. Therefore, special programmes were necessary for augmenting the production potential itself. It was expected that once the overall potential improved, the weaker sections would also get a reasonable share in the fruits of that development. The first in the series of area-specific programmes initiated during the Fourth Plan related to the drought-prone areas. In the Fifth Plan hill areas and tribal areas were also taken as separate categories for special attention. In the case of the tribal areas the issues were rather complex, having a mixture of both area-specific and socio-economic elements. In the Sixth Five Year Plan desert areas were added to this list. In the meantime, the entire question of development of backward areas was examined by the National Committee on the Development of Backward Areas. They identified six basic categories of backward regions, viz., (i) Hill Areas, (ii) Tribal Areas, (iii) Drought-prone Areas, (iv) Desert Areas, (v) Chronically Flood-affected Areas, and (vi) Areas affected by salinity. No decision has so far been taken about the last two categories, and area-specific programmes are limited to the first four categories only.

Weaker Sections

(The major issue in poverty is socio-economic and this is intimately related to the growth processes.) We have seen what insidious processes of deprivation are working in the national economy as a whole. Similar processes operate within a small area and even in a village as between different sections of the community. (In the Fourth Five Year Plan three categories of economically weaker sections were identified for special attention, viz., small farmers, marginal farmers and agricultural labourers.) (The basic distinction between small farmers and others was that the former had a resource-base which could be suitably developed so as to provide the individual a reasonable level of living. Landless labourers are located at the other extreme. They have no asset whatsoever except their own labour.) [Marginal farmers stand in-between these two groups and have a limited resource-base.] In some cases the base is so meagre that it cannot provide them a reasonable living even if they are given all the necessary inputs and its potential is fully developed. Some of the marginal farmers could be helped to graduate to the category of small farmers with an additional piece of land. But that possibility is rather small in the context of limited land resources. Therefore, conceptually, the approach to the problems of marginal farmers and landless labourers had to be different from that of the small farmers. Two special developmental programmes were taken up during the Fourth Plan for these two broad categories under the aegis of certain agencies specially established for the purpose, viz., Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers Development Agency (MFAL).

The above three categories covered the bulk of the rural poor but not all. Such groups as fishermen, weavers and other rural artisans were left out. In fact, the processes of development and the opening up of rural areas have been affecting rural artisans most adversely for about two centuries. As this process continued even after Independence, many of these groups were forced to become landless labourers. Such wares as they produced could not stand up to competition from superior and cheaper goods, mass-produced in urban centres. Some special programmes, therefore, were formulated for some of these groups like those for fishermen, weavers and traditional craftsmen. However, ambivalence continued to plague these programmes as the focus in some of them continued to be on production while in others it was on the individual poor. Thus, at the beginning of the Sixth Plan there were many programmes both for disadvantaged areas like DPAP and for weaker sections like SFDA and MFAL and a number of smaller group-specific programmes for fishermen, weavers and the like. This gave rise to confusion in the field, notwithstanding clear initial formulations at the policy level. It was, therefore, decided to bring all these elements in a common frame known as the Integrated Rural Development (IRD) Programme. Consequently, in the drought-prone area programmes socio-economic group orientation was sought to be brought about even though the focus remained on drought proofing of the area.

Similarly in other group-oriented programmes the new category of rural artisans was formally added to the earlier three groups identified for special assistance. The basic structure of these special programmes, however, remained unchanged, as we shall discuss in detail.

Employment Guarantee

An important new approach which envisaged creation of adequate employment opportunities for the rural poor was also initiated during the Fifth Plan to tackle the poverty issue. In pursuance of this policy some pilot projects were taken up which aimed at utilising surplus labour in selected areas and generating a full employment economy within a period of 3 to 5 years. In Maharashtra, however, a new concept of employment guarantee was put forward and programmes were built accordingly in selected rural areas and gradually extended to the whole State.

Even though the concept of employment guarantee was not adopted by other States, the basic idea caught on and employment schemes began to be supported by the Centre and the States. The most important amongst these programmes is the National Rural Employment Programme (NREP). This programme has been extended to all development Blocks in the country and a minimum quantum of additional employment is expected to be generated for the unskilled wage-earner in as wide an area as possible. Mention may also be made of the Food for Work Programme which was initially started to use the large stocks of foodgrains in the central reserve in the wake of a series of good agricultural years. The basic concept behind this scheme was to convert unutilised labour into community assets, using the available food. Moreover, since the wages were paid primarily in kind, with a small cash component, this provided foodgrains to the rural poor at a reasonable price and raised their real income level. The programme became quite popular but has since been more or less discontinued.

Tribal Development

Poverty in our country is an extremely complex phenomenon with many a social and economic facet which is not amenable to generalised solutions. Mention has already been made of the tribal communities who usually live in inaccessible hills and forest regions. In the Fifth Five Year Plan a new strategy for development of tribal communities was evolved. The problem of tribal development was envisaged as comprising three qualitatively different situations, viz., predominantly tribal areas, dispersed tribal communities and small pre-agricultural tribal groups. Special programmes were prepared for each of the areas of tribal concentration in each State under what are known as Tribal Sub-Plans. The focus of attention in this programme is on the man; since otherwise, a predominantly tribal area may develop economically while the members of the community may not get any benefits, or what is worse, may face the backlash of development. Moreover, it is not possible to differentiate between members of the traditional tribal communities on economic criteria since theirs is a different system and a

general economic classification in their case would not be realistic. But since the conditions are not the same in all tribal areas an undifferentiated formulation of schemes gave rise to some other problems. Therefore, the general definition of the poor has been superimposed, though with some adaptations, even on the tribal development programmes, a situation which is not entirely satisfactory. Special programmes have been prepared for the primitive tribal communities in which a specific frame is expected to be developed for each group, keeping in view the socio-economic situation in each case. A comprehensive frame for development of the dispersed tribal communities, whose problem is the most acute, has not been prepared so far.

Scheduled Castes

The Scheduled Castes are yet another important category amongst the rural poor who are not only economically deprived like the others but, what is worse, who are also socially discriminated. Experience shows that even when the members of these communities formed a sizeable section of economic categories like marginal farmers, agricultural labourers and rural artisans, not much benefit accrued to them, both on account of deep in-built prejudices and their own limitations arising from economic and social disability. This problem was sought to be met first by building in reservation in the individual beneficiary programmes on the basis of the overall proportion of the Scheduled Castes in the population in the country or in the State. These stipulations were not entirely satisfactory since the proportion of the Scheduled Castes in the target groups like agricultural labourers was much higher. Therefore, the quantum of reservation was made flexible and increased to the requisite level in each area.

All these formal provisions, however, did not yield the desired results. Therefore, a special programme exclusively for members of the Scheduled Castes as an integral part of the overall developmental programme in each area was launched during the Sixth Five Year Plan which is known as the Special Component Plan. This Plan picked up the thread of the development of the Scheduled Castes by systematically identifying the proportion of the Scheduled Castes in the relevant target group under the general poverty alleviation programmes and reinforcing it wherever necessary. The main task in this case was to ensure that their special social and economic handicaps did not prevent them from getting the desired benefits. This programme is being continued and further intensified during the Seventh Plan.

Bonded Labour

All programmes designed for meeting different social and economic situations of the poor in rural areas still leave out the most vulnerable sections who may have bargained away their very freedom in return for small loans, sometimes handed down from generation to generation. They may be obliged to work as bonded labourers for an unbelievably low remuneration. Such nefarious practices were prevalent during the

pre-Independence period in various parts of the country under different names like *Sagri* in Rajasthan, *Kabadi* in Bastar, *Sewakia* in Chhatisgarh, *Sukhvasi* in Orissa and *Vetti* in Mysore. After Independence almost all the States enacted appropriate laws to abolish this system.

The law abolishing the bonded labour did not make much change in the condition of the people except that the system was not formally acknowledged to exist any more much like untouchability after the adoption of the Indian Constitution. A serious consequence of this was that no one was concerned about the reality. Moreover, even when their pitiable condition came to light, it was taken as a variation of the general condition of the poor. It was, therefore, presumed that once the employment situation improved, no one could be forced to bargain away his liberty. While this did not happen and many a people continued to be forced into bondage, there was some ambivalence on this issue even at the conceptual level. It was argued that in the overall context of widespread, open and disguised unemployment in rural areas, even if the debt-cum-service obligations were terminated through legislation, these labourers would have no alternative but to seek work with their erstwhile masters. Bonded labour gives some assurance of a livelihood, howsoever meagre and adverse the conditions of service. Freedom may not be an unmixed blessing for them—they may have the freedom also to starve.

It is obvious that such arguments cannot hold in a democratic system. Once the condition of bonded labour became known, the Government of India enacted a comprehensive legislation in 1976 abolishing bonded labour in all forms and making its practice a penal offence. A programme for their rehabilitation was also initiated during the Fifth Five Year Plan itself and has been continued ever since. It has, however, not been taken up with the requisite vigour. Unfortunately neither identification nor rehabilitation, even for those who have been identified has picked up for a variety of economic, administrative, social, political and attitudinal reasons. The programme is continuing but in a formal sense and without the humanistic thrust crucial for cutting through the complex web of individual interest, social prejudices, deep-rooted response of acquiescence and resignation as also the stranglehold of economic relationships.

Other Correctives

The area-specific and target-group oriented programmes described above have been formulated from time to time as a response of our national development effort to the vexed issues of rural development and poverty alleviation. They have always been accepted as two of the central themes of planning, though the relative positions accorded to them have varied from one Plan to another. Although great reliance has been placed on these programmes for poverty alleviation and rural development and sometimes the status of a magic formula has been accorded to them, it has been realised that they, by themselves, may not be able to provide all the answers needed in the complex situation. Moreover, the fact that rural areas

may experience the backwash effects of development and the poor may face its backlash, was not something new. The nation as a whole had gone through that traumatic experience under the British rule. Consequently, the need for the poverty issue being accepted as the central point around which the entire national development strategy should revolve has been voiced by many a thinker and also accepted by the planners, though only in principle and that too reluctantly and partially. Nevertheless, some important programmes have been taken up in deference to this premise for reducing regional and sectoral imbalances, diversifying rural economy and creating a social, economic and institutional infrastructure with the avowed objective of helping the poor and alleviating poverty. We may now make a brief review of these programmes as well.

Diversification

Since development essentially comprises structural transformation of an economy, a number of measures have been taken up for diversifying the economy of backward areas as also that of rural areas. These programmes can be broadly divided into four categories, viz., (1) promotion of modern industries in backward regions, (2) establishment of small industries in rural areas, (3) support to the traditional village and household industries and (4) building up of entrepreneurial and technical skills of the people.

It is obvious that dispersal of industries should help in diversifying the economy of the concerned region and in reducing intra-regional disparities. Consequently, it should create favourable conditions for tackling the problem of poverty in the backward regions too where it is likely to be most acute. The first systematic exercise to identify industrially backward areas was taken up in 1965. It was realised that the level of physical infrastructure, economic institutions and social services, which are essential for industrial growth, varied considerably from one area to another. All areas in the country were broadly divided into three categories, taking a district as a unit, viz., (1) industrially advanced areas and such areas where industries are likely to be established in the ordinary course and grow on their own without any external support, (2) those areas which have some infrastructure and also potential for industrial growth which, however, can be actualised only with some support from the State and (3) other backward areas with or without industrial potential, which did not have adequate infrastructure and were unprepared for a significant industrial initiative. All districts in the second category were formally designated as 'industrially backward' districts. This did not prove to be a very happy nomenclature as it led to avoidable confusion in relation to areas in the third category which were the most backward.

The Central and State Governments have extended a number of facilities and also provided incentives to entrepreneurs such as capital subsidy, concession in sales tax, excise duty and water and electricity rates. In many cases land is allotted at nominal price and its development is taken as the State's responsibility. According to the National Committee on Development

of Backward Areas the benefits of these schemes have gone largely to those areas which happened to be located in the zone of influence of large industrial centres and were also most favourably located within industrially backward districts. In many cases these industries would have been established even otherwise in those places or in a nearby area because of their locational advantage without the extra State support claimed by them. Therefore, no significant difference has been made by these schemes in relation to the regional distribution of industries. Moreover, the bulk of the benefits of the incentives by the Central Government have gone to the industrially advanced States. Thus, those who could afford also got the additional support and benefits.

The National Committee came to the conclusion that all handicaps of the so-called industrially backward areas could not be overcome by money grants or even by providing physical infrastructure like land, electricity and water. For example, social services like education and health or even the general social milieu may be crucial in the choice of entrepreneurial and highly skilled groups to move to a particular place. Moreover, the skill endowment of the people in the area can become a great asset, if properly tapped. The Committee recommended that comprehensive developmental programmes for selected towns outside the zones of influence of large industrial centres, which might have acquired a reasonable complement of moderately skilled manpower in the secondary sector and had some potential of growth, should be taken up so that new industries might get attracted on their own and strike roots in the region.

In the determination of the location of those industries in whose case availability of raw material, nearness to the source of power, etc., may be crucial, infrastructure recedes to a secondary position. The locational advantages, even in the most backward areas, for some industries like steel may be so high that the necessary infrastructure may be created and manpower—skilled, semi-skilled and even unskilled—may be brought from outside. Some of the most backward areas, particularly the tribal areas in our country, have rich mineral and forest resources. Consequently, substantial economic activity centred around extraction of raw material, and a number of resource-based industries, big and small, have grown in these regions. Therefore, in their case, the economic disparity from other advanced regions has been reduced in gross terms. In fact, some of the erstwhile backward regions like the Chhotanagpur area in Bihar have joined the rank of advanced areas. Theirs is, however, a glaring example of area development in which the people appear to have been forgotten and relegated to the background.

Industrialisation and Poverty Alleviation

Industrialisation by itself has not been able to make an impression in lessening the problem of poverty, not only in the national context but even in the limited context of many a region. The employment potential created by the core industrial activity is rather limited. It may be noted here that

the share of secondary sector in the occupational structure of our country has not improved significantly even after Independence. The gains in the modern industrial sectors have been counter-balanced by the slide-back in the traditional industrial activities, much of which escapes formal statistical analysis. However, there is a multiplier effect of core industries through backward and forward linkages in the regional and national economies. Unfortunately, the full potential of this factor is not being realised since the benefits accruing to the organised industrial sector are being cornered by a comparatively small group.

The spread effect of industrial centres is not as large as could be expected in a more egalitarian national framework. Moreover, the industries are even responsible for the creation of the morass of squalor and poverty around them as a part of the very processes of their birth and growth. Pre-empting the gains by speculative land grab in advance, inadequate consideration even for legally acquired land, encroachment and forcible dispossession, dislocation and disarray in the social and economic life, make a substantial section of the population in the backward regions extremely vulnerable. Their inability to handle money suddenly received by way of compensation or rehabilitation grants and the acquisition of an alternative economic base and their unpreparedness to take advantage of the new economic activity renders them resourceless and also rudderless. Unregulated growth, emergence of powerful adverse social and economic forces, indifference of authorities in the modern sector to processes beyond their strictly defined obligations, their concern for the form rather than the spirit, implicit faith (usually motivated) in the even spread of the benefit of industrialisation, the inevitability of someone bearing the cost in the wake of a structural change and development and, at best, some token consideration for the few unfortunate and inconvenient cases which may come to light like the tip of an iceberg, etc., are too well known to be discussed here.

The impact of all these processes may not be large in the comparatively advanced areas where people are used to dealing with formal institutions, but may be very severe in the more backward areas. It may lead to social disorganisation and economic destitution of the people. It has been accepted, in principle, particularly in relation to tribal areas that any new industrial activity cannot be taken in isolation. As soon as the decision for establishing an industry is taken, or even before that, a comprehensive plan of development of the proposed industrial area, its immediate surroundings and the zone of its influence should be prepared to ensure that none is adversely affected and the people living in the area become partners in the fruits of development. This concept, however, remains to be put into effect. Consequently, disorganisation of communities under the impact of industrialisation continues unabated and destitution is the inevitable fate of many a people caught in the whirl of adverse forces which they do not even understand.

Smaller industries are comparatively more amenable to geographical

dispersal since many locational disadvantages may be counter-balanced by other economies. A number of measures have been taken to encourage small industries with the implicit hope that they may lead to a better geographical distribution of industries. Firstly, some lines of production have been reserved wholly or partially for the small sector. In some cases the production capacity of larger industrial units is not allowed to increase so that activities in the small scale sector may expand to meet the additional demand. Small scale industries are also given some incentives and concessions such as softer loans and lesser taxation rates. A substantial promotional programme of Industrial Estates, both urban and rural, has also been taken up to promote small industries in different parts of the country. Similarly District Industries Centres were established during the Fifth Five Year Plan to meet the variegated needs of small industries and provide the necessary technical support to the small entrepreneur including the traditional industries. Nevertheless, the total impact of all these programmes has been rather limited. Small industries, by and large, have remained concentrated in urban areas. Only small processing units like hullers, flour mills, oil pressing units, saw mills, etc., have been established in rural areas and are well spread out. The irony is that even these units have not proved to be an unmixed blessing to the rural poor in the absence of a comprehensive view of the rural economy and their position therein.

Village and Household Industries

A significant part of the rural population is engaged in a wide spectrum of village and household industries. These people have been facing increasing competition from the organised sector, which is becoming more and more severe as rural areas are opening up, communication is becoming easier and the organised industry is getting dispersed. In fact, inaccessibility has served the village and household industries like a protective tariff wall. In the wake of their increasing vulnerability a number of measures have been taken to protect their interests and to help them to become more competitive and viable in the changing situation. There is, however, a striking ambivalence in relation to this sector. References to Gandhian ideals and pleas for a strong industrial base are put forward in the same breath without any serious attempt to present a clear frame reconciling the two. Reservation of production lines for the village industries in the overall production programmes has been limited largely to textiles. Similarly the use of improved tools and techniques has also been effected only in some industries like weaving, carpentry and smithy and in the improvement of processing techniques in leather and oil pressing industries. Some village industries like bee-keeping and rearing of silk worms have been introduced in the non-traditional areas. Financial assistance to individuals and cooperatives, working capital, supply of raw materials at reasonable rates, assistance in marketing, establishment of common facility centres and worksheds, etc., are some of

the important measures which have been emphasised from the beginning of the planning era.

A substantial programme under this sector has been assigned to the Khadi and Village Industries Commission. These programmes concern the weakest sections of the community and their spread is quite wide. However, their tremendous potential for alleviating the conditions of the poor has not been adequately utilised. A variety of reasons are responsible for this. The most important contributing factor to economic development is the scientific input. This important input, however, needs to be tamed. The issue is a complex one, which involves adaptation of technology with reference to the specific local situation, individual capability for acquiring new skills, adopting unfamiliar working styles, time schedules, etc., and absorbing the benefits of change, compatible institutional infrastructure and such like. Instead of taking the technological base in rural areas as given and building it up taking advantage of new technical advances, reducing the size of machine has been taken as equivalent of appropriate technology. The superimposition of unfamiliar tools and technologies, which has been attempted in this policy frame, has largely missed the target groups. The technical training institutions, at different levels, have also addressed themselves to the needs of the modern industrial sectors except for some minor training programmes taken up for the household village industries ever since the Community Development days, including those by the Khadi and Village Industries Commission.

A programme for training of rural youth, known as Training for Rural Youth and Skilled Manpower (TRYSEM), was launched during the Sixth Five Year Plan. Under this scheme a number of young men are attached to and get training under selected master craftsmen. They are further helped to establish themselves as independent artisans. Although this programme covers young men from every stratum of society, those belonging to the weaker sections are given preference. The programme had made a good beginning but it has not been able to acquire the desired momentum. In sum, the total impact of all these programmes has been quite limited. The great potential of development of the poor and of those living in rural areas has remained untapped.

Minimum Needs Programme

The modern industrial development in our country has involved a very small section of our people. Consequently, its contribution to the alleviation of poverty can be indirect, through benefits which may accrue to the poor as a result of general buoyancy in the national economy and its increased capability to divert resources for welfare measures. The general condition of the people depends not only on their direct earnings but also on the level of social consumption and the availability of common facilities and services to the community. The significance of this facet of the poverty issue was appreciated during the Fourth Plan and a programme

known as Minimum Needs Programme (MNP) was launched during the Fifth Plan.

The Minimum Needs Programme comprises a package of nine schemes which include : (i) Elementary Education, (ii) Adult Education, (iii) Rural Health, (iv) Rural Water Supply, (v) Rural Electrification, (vi) Rural Roads, (vii) Housing for Landless Labourers, (viii) Improvement of Urban Slums and (ix) Nutrition. An important characteristic of this programme is that under each scheme a minimum standard of services expected for the nation as a whole is fixed. This is done in keeping with the importance of each item for the quality of life and also with an eye on the overall resource position. Adequate funds are provided for these schemes under the Five Year Plans by both the Centre and the States on a priority basis so that the targets may be achieved according to the clearly stated time-schedule. The performance of the MNP is especially monitored. The level of achievement expected in each case is reviewed in the beginning of each Five Year Plan. In this process the coverage under each item is progressively increased and the expectation level in each case is also gradually raised.

The achievements under the MNP within a decade illustrate how a propitious combination of forces can achieve miracles but even a little imbalance may rob the spirit while the formal frame may remain intact. The most spectacular success has been in relation to the scheme of house-sites for rural labourers. The scheme was simple and unequivocal. This was one of the most acutely felt needs of the poor, since having a piece of land of one's own to live made all the difference to him. He was no longer obliged to anybody and felt much more free even in an otherwise difficult situation. According to the latest report about 70,000 out of a total 10 million eligible landless labourers remain to be covered upto the end of the Sixth Plan. Even though in many cases the distribution may have been notional and sites unsuitable, this programme on the whole is an unqualified success. However, the same cannot be said of the assistance for building homes because of the nature of the schemes and also the fact that it is not the most felt need of the people.

The success in the other two schemes of infrastructure building, viz., rural electrification and rural roads, has also been great. About 76% of the villages in our country have been electrified and by the end of the Seventh Plan not less than 85% of the villages in each State would have been reached, raising the overall coverage to more than 70%. Similarly almost all villages with a population of 1500 or more have been connected by rural roads and about 50% of those having a population of 1000-1500 are likely to be covered by the end of the Seventh Plan. The demand for these two schemes which is quite persistent comes largely from the vocal sections in the villages. The targets in these cases are specific so that their performance can be precisely monitored. Being highly capital-intensive, these schemes also tend to get a favoured treatment in our administrative system. However, when it comes to the benefits of rural electrification accruing

to the people at large and the poor in particular, the picture is rather unsatisfactory. It can be hoped that once the infrastructure has been built up, the benefits will also accrue in due course—may be after a long time. To that extent the heavy capital investment is clearly infructuous.

The need for safe drinking water is obvious and the demand for it can be quite pressing. However, in this case after the initial list of problem villages had been prepared, which covered the hard core problem villages having no source of water within 1-5 Kms., the definition of the problem village was expanded. The new definition covered many other categories of villages like those where water had a high fluoride or iron content or was brackish. In enthusiasm for perfection even the ordinary dug well was not taken as a safe source of drinking water. Thus the simplest solution of drinking water by constructing an ordinary dug well was ruled out. This resulted in a highly confused situation. Firstly, the definition became so wide that almost any village could be covered under the list. The demand for financial assistance from the States rose sharply. In this situation the priorities got mixed up and the real hard core problem villages were pushed down in the priority list formally on consideration of logistics and high costs.

The most favoured schemes under this programme were those of hand pumps and piped water supply. Consequently, the capital cost rose very high. Moreover, a serious problem arose on account of the fact that the maintenance of these high-tech schemes was not within the technical competence of the people. A realistic assessment of the cost of the maintenance and renewal, particularly of hand pumps, was also not worked out. In many cases the effectiveness of these schemes is extremely limited as compared to the high capital investments. The result is that there were 39,000 problem villages still to be covered at the end of the Sixth Plan. That the problem of drinking water should have remained unsolved, notwithstanding large outlays over the two Plan periods, is indicative of wrong perspectives about the problem. Nevertheless, the focus on this problem has yielded significant benefits wherever the schemes have succeeded and are operational.

The four other items under the MNP, viz., elementary education, adult education, rural health and nutrition, concern the basic social services of great relevance to the poor. A substantial infrastructure, both of elementary schools and health institutions, has been built up. However, the position in relation to the critical inputs of teacher, key medical personnel and medicine is not satisfactory for a variety of reasons. There is general unwillingness of personnel to move to rural areas. The problems of inadequate physical facilities and also paucity of funds are quite serious. For example, as the benefit of limited resources for rural health tends to be cornered by the stronger groups, it is the poor who remain deprived of an essential service. So far as the nutrition programme is concerned, even the formal coverage at the end of the Sixth Plan is barely 10 million

beneficiaries under the special nutrition programme and 20 million under midday meals. Moreover, the per unit assistance under this scheme is also meagre. Its centralised operation, without taking the community into confidence, has drastically reduced its effectiveness. This scheme has been implemented almost as a dole programme and not as a right of the child. Consequently, there is great apathy about it in the executive agencies as also among the better placed sections of the society.

20-Point Programme

There was yet another valiant effort to tackle the poverty issue by picking up those elements from the general Plan programmes which had special significance for the poor. The basic objectives were (i) to provide adequate resources for them on a priority basis, (ii) to make achievement of minimal targets time-bound and (iii) to ensure effective implementation by vigilant monitoring, beginning from the field to the highest level. Twenty such elements in all were identified. Some of these points were concerned with specific problems of the poor like moratoria on loans and debt relief, and release and rehabilitation of bonded labour. Some others aimed at increasing the general production potential in the country like minor irrigation which were expected to benefit the poor as the national economy became stronger. Some other points were concerned with an improvement of the general quality of life like adult literacy programmes. Even though the 20-Point Programme had a variegated coverage, the vigour with which some of the programmes were pushed through and the special care which the administrative machinery took to reach out to the poor, led to this programme acquiring a special character. It came to symbolise the concern of the State for the poor and the implicit assurance of its support in their struggle against exploitation and injustice. What was crucial was that for the first time there was a situation in which the powerful and strong in the village scene seemed to be isolated.

This programme received a setback with the political change in the late 'seventies. It was, however, resurrected and revamped during the Sixth Five Year Plan, after the restoration of the earlier order. Nevertheless, its original spirit could not be recaptured for a variety of reasons. The contradiction between 'the 20-Point ethos' and the established forms was coming to the fore even during the Fifth Plan as the logic of the 20-Point Programme was unfolding in rural areas. In the intervening period there was a volte face and a serious backlash followed; the poor were bewildered and confused. The worst tragedy was that the poor lost faith.

The new 20-Point Programme was launched during the Sixth Plan after deleting some points from the old list and adding some new important issues. An elaborate formal system has been set up for its implementation. The performance of this programme is regularly reviewed and closely monitored. Nevertheless, the original vigour of 'Bees Sooturee', the

confidence of the people in an unqualified support from the highest level in their struggle against injustice, has not been regained. It has become a package of programmes like the community development in which form has gained at the cost of essence. Abstract figures are not capable of telling the whole story of the poor.

Micro-Dynamics of Poverty

CHAPTER 12

Our analysis of the underlying processes of deprivation has shown that they are much too strong to be countered effectively by the State's programmes for poverty alleviation alone. Correcting the inequitous equations in the national economy, therefore, appears as an important condition for a satisfactory solution of the problem of poverty in the long run. This will require some major policy decisions from the State. But again action initiated at the policy-making level by itself will not be sufficient. The other two crucial steps for achieving appreciable results are (i) translating the policy into a package of viable programmes and (ii) devising a mechanism for their implementation, compatible with the basic goals.

The State's effort for poverty alleviation in the past four decades has been quite substantial, notwithstanding certain deficiencies and omissions in the basic policy itself. It will be useful to examine the relevant programmes critically with reference to (a) their effectiveness or otherwise to counter the processes of deprivation and (b) their compatibility with the long term perspectives outlined earlier. Since our focus here is on the deprived, the programmes may be analysed from their angle, particularly with a view to identifying the structural weaknesses, if any. The poor are usually subject to a number of micro-dynamic forces which may be missed in general formulations about the condition of the poor, their struggle for survival and institutional support for their development unless a special effort is made to identify them and understand their working. A careful study of the micro-dynamics of poverty may help in answering the important question, even though partially, as to why the poor are left out even from those programmes which may be specifically designed for them.

Why Are Poor Left Out ?

A galaxy of rural development and poverty alleviation programmes have been taken up from the beginning of the planning era which are being reviewed, revised and reinforced from time to time. Formally the highest priority has been accorded to them particularly since the late '60s. Then how is it that a decisive breakthrough has not been made in the alleviation of poverty ? This is the basic question to which we will address ourselves in the following section.

Vulnerability

The first important given condition on which a poverty programme has to be built up is the condition of the poor man himself. Since this fact imposes serious constraints on the system, it should be accepted as an important boundary condition of all schemes for poverty alleviation. A small man requires small programmes which he can understand and feel about and then assimilate its benefits. This important premise is missed in many of our programmes with the result that either the really poor man is out of the game or he is bewildered and unable to derive any benefits therefrom. He would be lucky if he escapes the backlash, which is a common experience of many a poor man, particularly in the more backward areas. We shall illustrate this point with a few examples.

(i) LABOURERS

The processes of deprivation are most severe for the poorest man. Many of them may have lost everything—their land, their tools, their personal effects and sometimes even their liberty. This has implications for the programme design. Let us take a family which must go to work and earn something before anything can be procured for the evening meal. Irregular and erratic payment of wages is not uncommon, particularly in the case of contractor's labourers. Even the best managed State programmes ensure regular wages only weekly or fortnightly. The poorest man is out of this programme *ex hypothesi* since he cannot afford to have the luxury of a week long job without wages. Consequently, he is forced to seek some daily wage employment, may be at much lower wages. Not only do rich households take advantage of his helplessness, but in this wonderland of the poor, even the not-so-poor are able to earn a premium. The poorest may be employed in the family for doing odd jobs at a sub-subsistence wage while the members of the not-so-poor family themselves may go out for regular higher paid jobs. He may be sent out to work in a public work, and the higher wage which he may earn there may be required to be remitted in full to his master, the employer. Alternatively, if such a poor person wishes to go for work involving weekly payment, he may have to approach someone for an advance to be repaid at the end of the week so that he can sustain himself and his family during that long work-wage time-gap. A number of enterprising people, who are familiar with the micro-dynamics of poverty, take advantage of it. They may establish provision shops near the work site with facilities for credit. In such cases not only is a heavy interest charged on the commodity-credit but the provisions themselves are sold at a high premium. The effective wage of the labourer thus is reduced to a fraction of the nominal wage. This system prevails even in famine works where the number of labourers in this category is large and their vulnerability is common knowledge in the administrative system.

Some big contractors go one step further. Their agents visit distant villages to mobilise labour. Since the poor man has no staying power or may not be able to defray even his travel expenses, he is given an advance. Once

he is in a camp in an unknown place his position is reduced to that of a captive. He may not get anything except bare subsistence during the long period of his stay. He may end up in heavy debt, thanks to other traps like those of liquor shops. Many a story of forced labour in private and public works begins in this way.

Some of the basic issues arising from the extreme vulnerability of the poor have remained unresolved for two reasons. Firstly, there is an inadequate appreciation of the condition of the poor. A realistic description thereof may be ridiculed as sentimentalism, flight of imagination or even a fairy tale. Secondly, our institutional set-up does not admit consumption needs of the poor as an essential investment for productive work. Consequently, only when these problems come to light are make-do arrangements made and that too only by some sensitive people who are becoming rare; usually they are largely ignored. The great development machine grinds on, churning out figures of employment and wages earned without any reference to the heavy erosion, which continues at the base, forcing the poor to remain poor and vulnerable, notwithstanding the seemingly high nominal wages charged to the State exchequer.

(ii) SELF-EMPLOYED POOR

Let us move to the self-employed poor, the small and marginal farmer and artisan. His economy is a deficient one. Therefore, he intermittently requires some external support which may vary with the season but is, more or less, well spread over the whole year. His credit needs at any particular point of time are quite small which, however, add up to a substantial amount for the whole season. These credit needs may be for consumption, production and social purposes. The credit institutions, be it a scheduled bank, rural bank or cooperative, are not geared to service this type of credit needs of the poor. They can handle with ease bigger transactions, lakhs in the case of scheduled banks, thousands in the case of rural banks and hundreds in the case of cooperatives. The requirement of the poor, at any given time, may be for a few rupees, at most in units of tens, except when larger amounts are required for procuring seed, fertilizer or for raw materials or for meeting a social need. Another crucial factor in credit is time. In most cases the poor cannot wait. The credit institutions are usually located at a distance and work according to the routine office-schedule with vacations and holidays. They go by prescribed procedures which are long and tardy. An individual may be required to pay numerous visits to comply with one item or query at a time. Consequently, disbursement of loans becomes uncertain and erratic.

The scope of credit institutions is also highly restricted; they cater to certain specified items as per a variety of schemes that do not cover the production needs fully. They leave out consumption and social needs almost entirely, to be managed by individuals from other sources. In fact, production credit is needed only in the beginning of the agricultural season while other needs are continuous. This brings the private money-lender on the

scene. He is prepared to meet all the requirements but for a charge. He does not make distinction between consumption and production needs since he understands life as it is—an individual must have something to eat before he is ready to go to work. He does not operate in an artificial formal frame. The compulsions of social situations are also clear to him. But as the individual's life is one whole, the money-lender also prefers to deal with his client as such. In fact, he may be disinclined to entertain a person who approaches a cooperative bank for one purpose and rushes to him only in an emergency. His terms may be 'liberal' for his exclusive clients compared to those for casual clients. The money-lender is also more dependable and considerate in fixing repayment schedules.

It is interesting to note that an extensive network of what is known as Kangal Bank (Bank of the 'Wretched') is flourishing in many tribal areas. The arrangement is quite convenient. Their minimum unit of loan is Rs.10 only; their repayment schedule is weekly, being spread over a long period of ten weeks with a nominal instalment of one rupee and twenty-five paise. Thus, the repayment plan is also within the paying capacity of the poor. The terms which are clear and apparently so easy for the poor are, in effect, exorbitant. The rate of interest in the above case works out to 25% only. But it is these modest transactions which suit the people they serve; this explains their willingness to pay. The way of the Kangal Bank evokes confidence amongst the *kangals*. On the other hand, even the highly concessional credit extended to them through public institutions is beyond their reach and does not suit them for reasons already explained. In some cases the poor merely become a pawn in the hands of a money-lender who may himself corner the concessional credit from the cooperatives and scheduled banks. For example, a poor man will prefer to repay the loan on time for fear of penalty and other punitive processes. He may, therefore, approach a money-lender when an instalment becomes due. He may oblige the poor on the condition that he should repay it as soon as he gets a fresh loan from the bank. The rate of interest for the short span of 'institutional recovery and lending phase' is very high. Thus, the cooperative institutions are able to keep their accounts clean but the general credit account of the money-lender with the poor remains intact with small fluctuations and nominal adjustments.

Since institutional credit ignores the total range of needs of the poor, there are serious implications even for production programmes. Consumption and social needs, by their very nature, are very pressing. Consequently, an individual may be forced to use trickery and subterfuge to get a loan. He may try for a production loan of any type to which he is eligible even if he does not require it and thus meet his urgent social needs. Even when he takes a genuine production loan, he may be obliged to use a part of that money for more urgent requirements. Consequently, his production needs may be only partially met or may remain completely unfulfilled. Thus, he may acquire a heavy liability without the stipulated benefit accruing to him. The supply of credit in kind, to obviate the possibility of its

misutilisation, renders him still more vulnerable. In such a case he may be forced to dispose of the inputs at a very low price.

The inability of public institutions to adjust their recovery schedules to the general condition in an area and to the specific situation of each individual also results in avoidable hardships and the erosion of the resource-base of the poor. For example, recoveries often closely follow the harvest when the price of his produce in the market is at the lowest. Moreover, an individual may have no marketable surplus. But since he must pay the instalment, he is forced to sell whatever he has, only to purchase it back at a higher price after some time. Non-payment results in accumulating interest and finally in the attachment of land. Sale of land for the realisation of institutional dues may be effected with a heavy hand even in those cases where sale may otherwise be legally prohibited as in the case of the Scheduled Tribes. The incidence of land alienation on this count is substantial and has been growing steadily. This has resulted in a setback to credit-based developmental programmes. The poor is unable to adjust himself psychologically due to the uncertain dealings of formal institutions. Therefore, a horde of intermediaries have appeared on the scene who are approachable, reliable, flexible in their dealings and render the necessary service but in the process effect heavy cuts for themselves. The poor are no doubt exploited by the money-lender. But that exploitation is a slow and drawn out process, punctuated by a series of apparent favours and considerations, though inexorably leading in the direction of deprivation and destitution.

Lastly, the State assistance programmes prepared in collaboration with credit institutions are usually conditioned by elitist perceptions of the poor man's problems. Consequently, his small critical needs, even for production purposes, may be ignored while high-sounding projects with large outlays may be forced on him. This leads to many an unhappy consequence. Firstly, the number of beneficiaries who can be serviced with such a high per unit outlay under a scheme becomes much smaller. Therefore, it is the better off even amongst the poor who may be covered under the programme, leaving out the really poor. Secondly, if the quantum of assistance is more than what can be usefully absorbed for production purposes, the individual may be tempted to satisfy his other personal and social needs, sometimes even some extravagances. There can be nothing more disastrous for a poor man than an unnecessary burden of debt which he is incapable of repaying. These distortions arise because of extreme policy postures. While there is no consideration for high priority personal and social consumption needs at one end of the spectrum, yet at the other end highly inflated provisions for many a production programme are made purely on theoretical considerations, unmindful of the real situation rendering the poor man vulnerable on both counts.

Marketing System

Another crucial poverty alleviation programme is that of marketing which has not been adequately adapted to the needs of the poor. The

cooperative marketing network is not as wide and as comprehensive as it should be if the poor are to be saved from the depredations of the middlemen. The marketing system covers only selected commodities leaving out a large number of minor items, specially those grown in remoter areas and submarginal lands which are largely the preserves of poorer people. Similarly perishable commodities like fruits and vegetables are also excluded from its purview. Vegetables are grown mostly by smaller farmers. The middleman's margins in these cases are so large that while the consumer pays a high price, the producer is left with not even a reasonable return for his labour.

The unit of transaction of the cooperatives and other marketing institutions also does not suit the poor. An average cultivator may not like to dispose of his entire produce in one lot since he has to retain some to cover the risk of uncertain weather conditions. He feels more secure with some grains in his house rather than more currency notes. If he disposes of his produce in instalments, it reduces the size of his average transaction significantly. The marginal farmer does not have much surplus in any case, though he may be forced to sell his produce to meet his immediate requirements. The average quantum of his transaction, therefore, is very small. In the more backward areas, where agricultural or minor forest produce still continue to be treated as a medium of exchange, small quantities are carried to the weekly market which are just sufficient for meeting the cash requirements of the day. The average transaction in their cases, therefore, is minuscule.

The structure of marketing in the cooperative and the corporate sectors is unsuitable for handling the small and petty transactions of the poor. Firstly, small transactions require enormous physical effort which the petty traders do in fact put in the village markets. The procedure of purchase in public institutions is very elaborate, involving assessment of quality, precise grading for quality, exact weighment, meticulous calculations to the last figure and such like. This is suitable only for big transactions. Therefore, the marketing institutions usually adopt a variety of short cuts to obviate this problem of numbers and do not generally accept commodities in smaller lots. For example, a cooperative marketing society may have nothing to do with lots of less than a quintal and the Food Corporation of India with less than, say, a truckload. The operations of cooperatives and corporations are usually limited to a few centres only, leaving a large area free for procurement by traders. There are many other issues like their working hours, limitations of ready cash, etc., which make their effectiveness still less. Thus, in effect, the poor man is cased out of the system and the middleman appears on the scene. He collects the smaller lots in the markets and outside, spreading out to the villages, making the purchase at much lower rates. He delivers whatever he collects to the marketing institutions making a huge margin of profits for himself. The performance of marketing institutions based on such transactions may be excellent but these figures are unable to convey the true picture of the condition of the poor.

Production Programmes

We may now examine some of the production programmes from the poor man's perspective. We have already noted that consumption needs, which are essential for hard physical labour like that of a farmer, are not included in the credit portfolio meant for the agriculturists. The package of technological inputs including improved seed, fertilizer, pesticide, etc., as recommended by the experts, is sometimes treated as an invariant which must be accepted in full by the beneficiary to qualify for institutional support. This poses numerous problems for him. Firstly, this full package may be beyond his handling capacity. Secondly, it may involve too much of a risk even under the most favourable conditions, a risk he may not be prepared to take. Moreover, he may not be too sure even about the recommendations of the experts. He may be convinced that his special situation requires a different approach. For example, the extension agency may have recommended a new variety of hybrid seeds while he may prefer another local variety for good reasons. In some cases his real need may be just the ordinary seed for his marginal land, since he may have exhausted all his stock. The developmental programmes do not usually allow supply of ordinary seeds or the local improved varieties. The cultivator, therefore, must accept hybrid seeds or give up the assistance. The result is that the poorer man has no choice but to opt out of the developmental programme.

Sometimes the extension agencies, in a bid to promote the sale of fertilizers and achieve their targets may make fertilizers an essential component of a production loan. There are two variations of these schemes. In some cases the supply of fertilizers may be subsidised. A cultivator, who does not need the fertilizer or is not convinced about its usefulness, may leave it behind, being satisfied with the cash component, assuming that the fertilizer loan may be set off against subsidy. Alternatively, he may sell the fertilizer at a lower price. In other cases the cultivator may have to make a choice between a loan with fertilizer or no loan at all. In all these cases it is the poorer man who is faced with enormous problems even in programmes specifically meant for his benefit. He is denied the benefit simply because these programmes are attuned to a level of production and technology which are higher than what he can afford.

Irrigation Schemes and the Poor

Irrigation schemes provide another interesting example of how the really poor may be left out or may even be subjected to processes of more severe deprivation. So far as major and medium irrigation projects are concerned, the differential impact starts from the very beginning. People in the catchment areas, which are usually hilly and also the more backward regions, are adversely affected and many of them are even displaced. These people may be paid a cash compensation which is hardly a substitute for a tangible source of one's livelihood. This is a fact hardly appreciated by the salaried groups occupying decision-making positions in the system. The resettlement schemes are not satisfactory. The story of weaker sections

even in the command area is not very different. They are unable to hold on to the irrigated land for long. The dualistic pressures become increasingly stronger as higher capital investments begin to flow to the irrigated lands.

Similar pressures also operate in other areas though the dynamics are a bit more complicated. It is well known that the poorer people have poorer lands and smaller holdings. The location of minor and micro-minor irrigation projects can be greatly biased and subject to pressure from stronger groups in the village. The marginal lands may not be covered under the command of irrigation projects on technical grounds or even for the simple reason that the per acre cost is higher. Thus the differential grows. In many cases well irrigation may be the only hope for the poor.

Our system is patently biased against small irrigation projects in general and well irrigation in particular. The larger projects are easier to operate organisationally and are also more easily amenable to personal gains. But there is something more basic relating to State policy. Irrigation projects in public sector—major, medium and minor—are freely sanctioned without any hitch even though the per acre cost of irrigation may be very high. But even a fraction of that investment cannot be allowed for schemes outside the public sector, benefiting individuals or a group of individuals. The argument is that State irrigation projects are in the nature of public assets. But irrigation wells on individual holdings are in the nature of private assets and, therefore, cannot be fully financed by the State. No one bothers about the fact that appreciation of the value of land of individuals under the command can be much higher than the cost of a well elsewhere. The arguments that the recurring cost of maintenance and distribution in a State project is high, that the per unit capital cost for well irrigation is insignificant in comparison and that the benefit of well irrigation can be well spread and selective in favour of the poor, are of no avail. The net result is that the poorer man is required to make a heavier investment on irrigation for getting the same benefit.

There is yet another aspect of well irrigation schemes which concerns the poor. The standard cost of well irrigation as approved under various schemes is usually inflated, since it is based on government rates of construction which include large margins for both the supplier and the contractors. In fact, an impression is always kept afloat that the standard rates are too low and need drastic revision. The assistance for irrigation wells in the form of loans and subsidies is accordingly pitched very high. One serious implication of such a high standard cost is that the investment on even a small well can be justified only in the case of comparatively larger holdings. The smaller holdings are thus rendered non-viable for State assistance for irrigation. The poorer man with smaller holdings is consequently disqualified *ab initio* even though it is well known that the smaller the holding the greater is the incentive for harder work, which leads to more intensive utilisation of land resources. The individual is able to bestow personal care on almost every plant which helps in maximising per acre yield. It is this small man who

is struggling the hardest. The irony is that it is he who is excluded by the system. He has no choice but to make do with cheaper alternatives like *kuchcha* or semi-*pukka* wells of lower specifications. These may not require a large initial capital but may be deemed to be uneconomical and non-viable by the system on account of a greater recurring cost for maintenance. This the poor man can afford because he knows the technology and uses his own labour. The economics of capitalising the highly flexible labour-input of the poor is beyond the scope of the institutional frame.

Even a small farmer may be handicapped because his holding may not be big enough to serve as a guarantee for the big loan which he may be required to take for the well. The obsession with self-interest to the disregard of the poor man's problem creates an amusing situation where loans are given freely for acquiring a mobile asset like a car merely by hypothecating the same perhaps on the presumption that it cannot move out. Yet the system doggedly refuses to accept a fixed asset like a well as a guarantee for a loan perhaps because it might disappear any day. Thus, the irony is that a small or a marginal farmer cannot be assisted to improve his lot, simply because the quantum of assistance which he really requires is less than the minimum prescribed by the agricultural and financial experts. On the other hand, the big farmer in his neighbourhood may construct a tube well which may deplete the underground water resources and lower the water table, depriving him of the small benefit of irrigation which he may have been enjoying for ages using his traditional techniques.

Animal Husbandry Programmes

Animal husbandry programmes have been specially designed for the marginal farmers and landless labourers who do not have adequate resource base for subsistence. These schemes are expected to supplement the income of marginal farmers and provide a substantial part of living to agricultural labourers. One of the important reasons why these schemes have not yielded the expected dividends by way of poverty alleviation is that they are not fully attuned to the conditions of the rural poor. Structurally these schemes appear to serve as an appendage to the urban economy. They are, therefore ill adjusted in the rural setting and tend to be non-viable. For example, poultry schemes are built around exotic birds, centrally produced feed, intensive medical care and an urban market. It is obvious that such a scheme is basically urban in character with both the backward linkages like production of feed and forward linkages like infrastructure for veterinary services and market to benefit the urban centres. The only rural elements are the location of the poultry unit and the unskilled labour for its upkeep. Such an essentially urban scheme when put in a distant rural setting is greatly handicapped by additional costs relatable to distance including the cost of transport at either end and of extension services. In such an artificial frame small poultry units cannot be economical. There is preference for larger units which can be handled by bigger people. Thus, the poor man is left

high and dry.

The same is the case with the scheme of milch cattle. The minimal investment on a Jersey cow, the most commonly recommended breed, is very high. Its maintenance is beyond the means of the poor as it requires rich feed, intensive medical care and also involves a high risk. In the absence of proper upkeep the yield is drastically reduced and even the animal perishes. Many of the poor who venture to experiment end up with a heavy liability. It is the bigger farmer who is taking advantage of these schemes and, in some cases, is using his land to raise fodder instead of foodgrains. A modest programme built around improved local breeds and a local market would have served the poorer people much better. Unfortunately in this vast land with unimaginable diversity our extension agency has not taken even the first step to identify the distinctive characteristics of local breeds of cattle, sheep, goat, swine, poultry, etc. They are all indiscriminately grouped together and are described as the 'local non-descript'. Consequently, notwithstanding the general premise that they are meant for the poor man these programmes have remained attuned to the better off sections of our society.

City orientation and obsession with accounting have rendered yet another crucial programme ineffective and of doubtful value. No argument is needed to get convinced about the need for adequate nutritive food for growing children. The ordinary people in the community could be expected to take care of at least this programme which concerns their own children, provided they were given the resources and some basic understanding about the essential ingredients of a nutritive diet. A people-oriented approach would involve management of the programme by the community and a trust in their ability to implement it. But the programme is designed on a different but a very common premise of trusting the administrative system. The supply of food material is centrally organised, with high preference for readymade food articles manufactured at designated factories. These centralised arrangements make a deep cut in the meagre allocations for this scheme because the prices of food materials in the town are high, processing charges very heavy and transportation costs quite substantial. The shelf-life of manufactured food articles is not very long. The big gap between their manufacture and their consumption, due to long distances and numerous tiers involved in the supply system, besides causing pilferage at every stage also renders a substantial part of food unfit for consumption. Since the programme is envisaged in the nature of a 'gift' eulogising even the foreign donors and projecting their image, irregularity in supplies and ineffectiveness in implementation is of no concern to the community who are merely disinterested observers of a superficial activity.

Transfer of New Technology

Another aspect of the rural development programme, which has not claimed due attention, is the backlash of new technology and modern organisations on the rural people in general and the poor in particular. The labour displacing machinery is an obvious example which has

been discussed in an earlier chapter. Since in any scheme of development science and technology are expected to provide a major thrust, it is necessary to consider the general question of transfer of technology to rural areas in some detail. Firstly, the very concept of transfer of technology is erroneous on two counts. It is presumed that the rural people have little technology of their own and that a suitable technology for transfer to rural areas is available with the research centres. Take agriculture. It is well known that agro-climatic conditions vary significantly from one region to another. In fact, within the same region or even within a village there are large variations in micro-climatic conditions. Consequently, the same agronomical practice cannot be suitable for uniform application. But the extension agency is usually equipped with general formulations based on research findings in a few research centres and State farms. The fact that so far agricultural research has primarily concerned itself with irrigated agriculture and ignored dry land farming, is now well accepted. Thus, the poorer areas having a large proportion of poorer farmers are excluded from the benefits of new developments. The realisation of the serious omission in respect of the problems of dry land farming came in the wake of sluggish growth of agricultural production after the 'green revolution' which could be easily traced to the poor performance of the vast majority of cultivators in the non-irrigated agricultural regions. But even after this realisation the problems of sub-marginal lands growing inferior grains, minor millets, etc., and of shifting cultivators, who comprise largely the poorer people, have not even been acknowledged, let alone being made the subject of serious scientific investigation. Thus, another big category of the poor facing the real serious challenges is left out.

Even in other areas recommendations based on the limited experience of large government farms and research institutions cannot be uniformly applied everywhere. The small and the marginal farmer cannot afford the risk and continue in his usual style. Consequently, it is largely the bigger cultivators who have easy access to the extension agency and can afford some experimentation and can take some risk and who become eligible for the full advantage of the new agricultural technology.

In the case of the poorer cultivators the real question is that of upgrading their skills and improving the techniques which they have been using for ages. The agricultural extension workers have yet to realise that the cultivator working in his known setting through generations has gathered tremendous experience based on small trials in and around. He is thus qualified to be acknowledged as the top agricultural expert, but only in his limited immediate context. The strong point of an extension worker is his general scientific background, wider knowledge and richer experience which should be used to understand the logic of the local farmer and, if possible, to suggest improvements therein, drawing upon the most modern advances. So long as there is no extensive network of field stations effectively covering all possible micro-climatic conditions, there is no substitute for the cultivator's experience of trials which should be taken as the reference frame for further

work. His deep insights and profound understanding will always be a valuable asset even to the experimental scientists.

Such a consideration and an understanding and discriminating approach are conspicuous by their absence in our agricultural extension. On the contrary, there is an element of arrogance and a feeling of know-all. Consequently, a package of practices, irrespective of its suitability to the local conditions, is sought to be imposed from above. In the absence of specific formulations for each area, the extension workers have been recommending almost everything they know everywhere. Some of them were initially picked up by bigger farmers who could afford a bit of experimentation as well. The farmer, howsoever small and resourceless, is always vigilant and has been keenly discerning the developments around. It goes to the credit of the discriminating temper of the Indian farmer that he has been able to pick up some items like hybrid seeds, chemical fertilizers and pesticides with necessary caution and realised rich dividends. He simply ignored all that did not suit him, notwithstanding the advice of the extension agents.

Similar is the case with the artisans. His tools can be improved and he can acquire new skills, provided it is accepted in principle that the upgradation has to start from the baseline of his skill endowment. This aspect is being largely ignored and transfer of technology is taken to mean introduction of new techniques and tools which may have little to do with the existing ones. Here again the poor artisan is at a disadvantage. The question is whether he can acquire the new skills and whether he can afford to handle new tools and make necessary investments. Obviously most of them are unable to do so. It is only the more articulate and stronger groups that can take advantage of new tools and techniques which make the condition of poorer artisans even more vulnerable.

This differential is seriously affecting numerous trades and a new species of capitalist-entrepreneur or capitalist artisan is emerging. The case of the leather industry is an interesting example of this process. In the wake of modernisation the traditional cobbler first lost the marketing of footwear in the organised market to the advanced communities. As machines entered his trade and the production of footwear got organised in modern factories the other parts of shoe-making were also lost to him. This process has continued and it appears that the traditional cobbler may be left with nothing but the flaying of dead animals and the processing of raw hides. Even here he may lose ground to veterinary doctors as slaughter houses are modernised and processing of leather is organised on a large scale. As the economic base of this resourceless but skilled group is gradually eroded, they will be forced to join the lowest ranks of unskilled labourers. They would thus have missed the opportunity of upgrading their skills and getting the benefit of the advances in science and technology and the expanding organised market at home and outside. Similar processes are operating in relation to weaving, carpentry, smithy, oil-pressing and other traditional artisans.

The only exception appears to be the programmes supported by the Khadi and Village Industries Commission who are wedded to the philosophy of upgradation of skills and the strengthening of the traditional economy of the artisans both in rural and urban areas. The programmes are, however, rather weak compared to the forces which are being engendered in the wake of general technological advances and their application in different sectors of the economy unmindful of their impact on the weaker sections.

Modern Organisation

The backlash of modern organisation is best illustrated by the case of forestry, particularly in tribal areas. The forests have been the traditional homes of tribal people. A substantial part of their living is derived from forests in the form of collection of roots and shoots, small timber and fuel wood for their homes and hearths, grasses for grazing their cattle and minor forest produce for meeting their small cash requirements. As the forest got reserved and came under the management of the Forest Department, the community got deprived of the benefits of this great natural asset. At this stage the perception of the State and the people became antipodal. According to the State developmental plans for working of forests would generate new employment opportunities and should be a positive gain to the people. However, the people's perception is different. They stand deprived of a valuable asset which they have been considering as their own and a major source of their subsistence. They are not pleased with the prospect of a casual wage employment as and when it is created as per departmental plans. The poorest amongst them are engaged in a continuous struggle for acquiring a foothold for themselves by clearing the trees and converting the forest land into agricultural land. The struggle is one-sided and the average tribal is at the receiving end. The developmental process in this case has resulted in deprivation, notwithstanding the statistical report of income generation, employment opportunity created and the net-value added in forestry operations. A satisfactory solution to this tangled issue can be found only if the State accepts the perception of the tribal people and treats them as partners in the working of forests and the people on their side are convinced that they will be equal sharers in the benefits accruing from the forest wealth.

Employment Guarantee

Although casual employment cannot engender the requisite confidence amongst the poor, an element of certainty in employment schemes can do miracles and help the poor in overcoming the adverse forces inherent in the micro-dynamic process of his economy.

The poverty alleviation and rural development programmes broadly fall in two categories, viz., asset building schemes and employment generation schemes. All measures for transferring assets in favour of the poorer people fall in the first category. It is obvious that the incidence of poverty

will reduce if an increasing proportion of rural people acquire a viable resource base capable of yielding sufficient income for a comfortable living. The general condition of those having no assets will depend on the general employment situation in the country and also on the situation in a specific area or region. But as we have seen earlier, even generally good employment opportunities in an area may elude the really poor, particularly because they cannot afford the slightest uncertainty. In such a situation they may be forced to compromise. It is in this context that the concept of employment guarantee becomes relevant and acquires great significance. If they are certain of getting some employment, even at a low wage, their bargaining power vis-a-vis other powerful sections increases phenomenally.

There is yet another aspect of employment, viz., the place of employment which greatly concerns the poor. The place of employment generation and the place where employment is needed do not always go together. We have areas of acute shortage of labour as in the north-eastern region and areas with high incidence of unemployment as in eastern U.P. and Bihar. Such disparity is quite natural in a developing economy and is expected to persist. In principle such imbalances should get corrected by labour mobility. However, mobility is not automatic and is subject to a number of psychological, social and economic forces. Commuting over long distances may not be possible as the effort of travelling itself, in effect, reduces the real wage. The labourer may be faced with the choice of no employment or a low wage employment within the area of easy reach unless he decides to move to the place of employment. Here again psychological and economic forces begin to operate. Working in a camp in a nearby place within one's known territory and social group may not pose a big problem. Such a practice is quite common amongst the rural poor, especially in sparsely populated regions. Covering long distances, however, is an entirely different matter. Not only are the poor obliged to take advance for meeting their travel cost and sustenance until they get the first payment, but they become unknown entities completely dependent on contractors.

In such a setting the dice is heavily loaded against him, giving rise to worse forms of exploitation. It is precisely to take advantage of the stranglehold which a contractor has on his labourers that contractors throughout the country exhibit a strong preference for migrant labour. The usual plea is that local labourers are indolent and unreliable. In the same breath they eulogise those from outside as sincere and hard working. If the opinion of all contractors in all places throughout the country were true, labourers from all regions would appear to be virtuous outside their homes but indolent while working in their own area. There may be some psychological basis for this phenomenon, but the major factor for such a preference is economic. A labourer has a better bargaining power in his own place and is not entirely dependent for everything on the employment agency.

The Employment Guarantee Scheme, which was first started in Maharashtra, has taken account of the constraints on the mobility of the

poor. Therefore, employment opportunities under the scheme are expected to be created within a reasonable distance from the place of residence of the employment seekers. The scheme has been adopted by many other States as well, though with some modifications and reservations. The National Rural Employment Programme (NREP), another important poverty alleviation scheme, generally follows the same approach. However, notwithstanding its large size conceptually it is way behind the Employment Guarantee Scheme in one important respect—there is no obligation on the State that a programme shall be taken up if a given number of unemployed people come forward and demand employment. It is presumed that this condition will be, more or less, fulfilled if the Blockwise targets of employment generation are achieved.

Substantial employment has been generated under both these schemes and a significant section of the rural poor have been benefited. There are, however, two serious limitations. Even under the Employment Guarantee Scheme a work can be taken up only if a minimum number of persons come forward for employment. Secondly, there should be a possibility of that number being available for a minimum duration. The other important constraint is that only public asset building programmes can be taken up.

It is obvious that in any given area a programme of building public assets cannot be continued indefinitely. Therefore, a scheme prepared on the premise creating public assets can only at best provide employment for a limited period. Therefore, the long term solution to the economic problems of the poor has to be found within the frame of general economic activities in the relevant area. Alternatively, some people can move out to the labour deficient areas as is actually happening in some cases. However, in the present socio-economic context it can provide only marginal relief.

Reliance on community assets building programmes for poverty alleviation has another serious consequence for the socio-economic fabric of the nation. The benefits of community assets are not class-neutral; they accrue mostly to the better off sections of the society. Under these schemes the available labour power of the poor gets converted into tangible assets. The poor are, no doubt, gainers but their gain is primarily during the construction phase and later it is indirect. The main beneficiaries of schemes like roads, community buildings, etc., are the better off sections. Even if the economy of an area improves as more irrigation projects are commissioned, the poor cannot look forward to anything beyond casual wage employment though with greater certainty.

There are a number of schemes under poverty alleviation programmes, in which State assistance is provided to the poor in the form of loans and grants for acquisition and building up of assets so as to enable them to become economically viable. Thus, private asset building through State assistance is acceptable in principle, as a part of the strategy for poverty removal. However, this principle has not been extended to the general rural employment programmes. Consequently, there are two sets

of schemes in operation which are based on two different premises and are thus mutually exclusive. In the former the State helps the poor directly in asset building, while in the latter the State utilises the poor man's labour for building community assets. This differentiation appears to have been maintained because of the difference in the structure of financing the two sets of schemes. In employment generation schemes the State provides the entire outlay. In the other set the individual is required to make a contribution of his own and some credit may also be received from institutional sources. Thus, in these schemes there is an advantage insofar as larger resources can be mobilised and public investment can have a multiple effect.

This differentiation has not proved to be very useful. A number of anomalies have arisen in the beneficiary-oriented poverty alleviation schemes with the result that the poor are not getting the desired benefits and the poorest amongst them are being left out. In the wake of a national endeavour for the eradication of poverty these differences appear to be rather tenuous. It is possible to work out alternative models in which the scheme of financing does not come in the way of realising the basic objectives. We shall discuss this in a later chapter. This differentiation is accentuating the dualistic structure within the rural economy and, to that extent, can be said to be dysfunctional in relation to poverty alleviation. The basic reason for the emergence of dualistic trends, notwithstanding the egalitarian goals as also the numerous anomalies continuing in the poverty alleviation schemes, is the absence of a comprehensive frame for rural development with focus on the poverty issue.

Organisation and Personnel

CHAPTER 13

Integrated Rural Development

The need for a comprehensive frame for rural development was realised at the very beginning of the planning era in our country. In fact, it may be difficult to improve upon the quality of concepts and the breadth of vision of community development notwithstanding its grand failure. Unfortunately the programme became schematic and bureaucratic procedures destroyed its spirit leaving only an empty formal frame. It may, however, be conceded that even though the community development programme was an endeavour to build a new village society based on egalitarian principles, the focus was not specifically on the poor. The full realisation that general development in rural areas could bypass the weaker sections came only by the end of the Third Five Year Plan. As we have seen in our earlier review a chain of new programmes followed with the objective of alleviating the condition of the poor. For example, special programmes were taken up for vulnerable groups like the small and marginal farmers, agricultural labourers, artisans and members of the Scheduled Castes and Scheduled Tribes. The regional imbalances were sought to be reduced by special programmes like those for the disadvantaged, drought-prone, desert, hilly and tribal areas. The Minimum Needs Programme was formulated for improving the general quality of life, particularly of the poorer sections of the community. The 20-Point Programme sought to provide a focus on critical elements in economic development and poverty alleviation. While TRYSEM aims at imparting the necessary skills and enabling the people to become self-employed, a variety of employment schemes exist to cater for those who are unskilled.

Such a neat and clearly defined package of programmes covering all possible groups in all situations can be expected to provide a satisfactory frame for tackling the poverty problem. However, there is one serious lacuna. When a number of programmes formulated independently unfold themselves, it would be a real miracle if the desired elements from each of them reached the target groups in the designated areas in the right proportion, in the right sequence and with the desirable blend throughout a country as vast as ours. Also there are two other problems. In our country socio-economic conditions vary greatly from area to area. There are rich natural resource regions with limited manpower and depleted resource regions with

heavy pressure of population? It is obvious that the same programme package cannot suit the two extreme conditions. Therefore, each area will require a distinct programme portfolio which must take into account its physical resources, manpower endowment, economic institutional infrastructure and social conditions.

The other important point is that the comprehensive frame for rural development and poverty alleviation has to be dynamic and multi-level. This frame should comprise a series of comprehensive frames, internally consistent and mutually compatible with the poor at the centre in each case. This series should begin with the village, through the group of villages, to the Block, the district, the region and finally the nation itself. Since an individual is a concrete entity only at the village level, being everywhere else only a statistical abstract, his problem can be understood and resolved in a real sense only at that level. Consequently, in the sequence of frames the smaller frame should get unqualified support from the next one for achieving the common objective of removal of poverty. It is also necessary that this frame is dynamic and should adapt itself continually to the new situation taking note of both the positive and the negative experiences.

On both counts noted above our poverty alleviation programmes are seriously handicapped on account of the fact that a number of agencies at different levels are responsible for the formulation of the relevant schemes and their implementation. Since the basic issue before each is the same, it is not surprising that there is considerable overlap and duplication. This, however, creates avoidable confusion at the operational level. Moreover, the extent and intensity of coverage under each programme depends on the resources at the command of its sponsoring authority and the organisational support it can muster. Since each authority is responsible for the performance of a specific programme its concern for obvious reasons is exclusively for the results directly relatable to it. The benefits which accrue to the people from other programmes are of no consequence to it even though they may concern the same beneficiary group or may be complementary to its own effort. Under these circumstances optimum results cannot be expected. Each authority feels confident about its programme and, therefore, continually endeavours to make it still more broad-based to the exclusion of other organisations and institutions. Since each organisation makes a similar effort, the net result is greater overlapping and duplication, both in programme content and organisational structure, thus adding to the confusion in the field and a sub-optimal utilisation of manpower as well as of physical resources.

The gravity of this situation has been appreciated at all levels and efforts have also been made from time to time to improve it. The Integrated Rural Development Programme, when it was initially mooted, was expected to take care of all facets of rural development including poverty alleviation. However, for a variety of reasons that frame did not materialise and it was possible to bring under one umbrella only the programmes run by the Ministry of Rural Development like SFDA, MFAL and DPAP. Since these programmes were in any case operating in different

geographical areas, the new structure did not make a significant difference in the field.

There is an inherent anomaly in the present structure of the Integrated Rural Development Programme. The IRDP is a centrally sponsored programme. Consequently, it is concerned only with those schemes which are funded by the Central Government. Rural development and poverty alleviation basically concern the States which are directly responsible for development in relevant sectors like agriculture, irrigation, education and health. Moreover, the States are expected to attend to the problems of the poor not only through economic programmes but also through various other State measures which may even have to be drastic. The programmatic dichotomy between the Central and State schemes has been fully formalised and rigidly enforced with the establishment of what are known as the District Rural Development Agencies. These are registered bodies which prepare programmes in relation to the funds provided by the Central Government and maintain separate accounts. The performance of these programmes is also separately monitored. Their implementation, however, is through the general administrative hierarchy of the State with a nucleus staff at the project level for planning and monitoring.

It is tautological to state that no authority other than the State can assume the responsibility of rural development and poverty eradication. By the same token no 'society' by virtue of the nature of its constitution can be assigned that grave responsibility. This anomalous situation prevalent in the area of rural development and poverty alleviation is not even acknowledged, primarily because each organisation is concerned with and accountable for the performance of its part of investment. The statistical figures are always amenable to be so presented as to give an impression of totality and a comprehensive coverage to the uninitiated even though the reality may be entirely different. The Integrated Rural Development Programme in this process has been reduced to a small package of schemes which in the overall context of the serious issue of poverty can, at best, play only a minor role. It is an irony that even the agricultural development programmes supported by the Ministry of Agriculture which includes the entire portfolio of schemes covered under the IRD, except those relating to rural artisans, have not been brought under the umbrella of Integrated Rural Development. The schemes supported by other organisations in the Central Government, let alone the schemes supported by the State Governments, cannot but have remained isolated and unconnected with the IRD due to its restrictive frame.

When we move to the scene at the State level, the position does not improve significantly. The organisational set-up for rural development and poverty alleviation is as variegated as in the Centre—in fact, somewhat more complex. Some coordination is sought to be achieved at the district level through bodies like the District Development Committees with the Deputy Commissioner playing the role of a coordinator. The Community Development Block has lost its old glory. The Block agency is responsible only for

a few minor schemes. Each department insists on having its exclusive set-up, playing up the distinctive character of its charter.

The establishment of Panchayati Raj institutions was an important step forward opening up new possibilities of meaningful coordination and an organic harmony in rural development schemes. However, in most States Panchayati Raj institutions have been assigned only a few schemes and limited funds. They are functioning like any other department of the government. It is only in Maharashtra and, to a lesser extent, in Gujarat that these institutions have been made responsible for a broad spectrum of functions and matching funds on a sizeable scale. Consequently, a stronger frame for rural development has emerged in these States at the district level. However, as we move to the scene of 'Operation Development' at the grassroots, the position even here is not qualitatively different. The district level bodies have not taken into confidence the lower formations. Therefore, the building up of a comprehensive frame for rural development and poverty alleviation at the Block and at the village level has not even begun.

There is some slide-back even in relation to the responsibilities originally assigned to Zila Parishads in Maharashtra. Since the delegation of powers to Zila Parishads was substantial and sizeable funds were assigned to them, they tended to become a formidable force in the State. This gave rise to a struggle for power between the State and the district level officialdom as also for political leadership. Since the State happens to be a higher tier in authority, a number of constraints have been imposed on the powers of these bodies, although the formal frame has not been changed. While the centrally sponsored schemes like IRD could not be assimilated in the State programmes for reasons discussed earlier, even the Zila Parishad Sector programmes became a distinct category and ran parallel to the State Sector programmes, the two sets of programmes being executed by different agencies.

Integrated Tribal Development Projects

Mention at this stage may be made of the developmental frame prepared for the tribal areas, keeping in view the urgent need for quickening the pace of development, while guarding at the same time against the hazards inherent in a rapid transition and structural transformation of their simple socio-economic system. The new strategy for tribal development which was formulated during the Fifth Plan envisaged that all elements relevant to the social and economic development of the people living in tribal areas would be incorporated in the developmental plans drawn up for those areas. This frame included (i) a wide spectrum of protective measures aiming at the elimination of exploitation. (ii) essential social services for building up the inner strength of the community and (iii) economic programmes both for gradual upgradation of the traditional economy and for creating the nuclei of the modern economic system which could gradually grow and help in structural transformation of the entire economy. It also envisaged preparing

the people for participating in new economic activities in advance so that they could become partners in the fruits of new development.

In this scheme all financial resources irrespective of their origin, viz., funds from the Central Government, the State Government, the financing institutions and other organisations, were expected to be pooled together so as to lose their identity at and below the level of the Integrated Tribal Development Project. Each ITDP, which comprises a group of Blocks, thus emerged as the basic unit for planning and implementation of all programmes including protective measures, social services and economic schemes. Any element having relevance to the well-being of the tribal people had to find a place in this frame. Any such item could be financially supported, irrespective of its formal classification like whether it was regulatory or developmental, Plan or Non-Plan, and such like. In this frame a programme could not carry the mark of its funding agency by the time it reached the people. It was further stipulated that the entire administrative structure should be unified, having a single chain of command, beginning with the State and going to the village with a special role for the ITDP authority at the project level.

The conceptual frame of the Tribal Sub-Plan thus is comprehensive and all-inclusive. Although substantial gains in relation to the integration of developmental effort have been recorded in some States, full success has not been achieved. Some programmes like the IRD have not been assimilated even in the Sub-Plan frame because of their insistence on a separate identity all through down the line to the individual beneficiary. The National Committee on the Development of Backward Areas and the Committee for Administrative Arrangements for Rural Development and Poverty Alleviation Programmes have examined the question of providing a unified frame for rural development and poverty alleviation and have also commended the Sub-Plan approach for general adoption.

Other Consequences of Organisational Dissonance

While the lack of a unified system results in a sub-optimal utilisation of resources and also avoidable confusion, which are undesirable *per se* in a national effort of such crucial importance, a more serious consequence is the adverse implications for the poor for whose benefit the entire scheme is sought to be enforced. The individual, particularly the poor individual, has a simple view of life, has limited needs and a few critical problems to solve. Our complex administrative system dissects this simple and organic whole into numerous parts and attempts to deal with each part separately, according to its perception. For example, in the tribal areas or even in some other areas, the most serious problem for the ordinary man may be in relation to his access to the forest and the ownership of land. The way the forest guard and the Patwari carry themselves and attend to their duties makes all the difference to him. When his economy is threatened and his resource base itself is eroded by the tightening noose of forest administration and also as a consequence of questions raised by the Patwari about his

very title to the ancestral land, he cannot be expected to evince interest in any talk about the use of fertilizers. Nor will he be very enthusiastic about getting a loan for an irrigation well. This may be an extreme example, but the average poor man faces many an issue of a similar nature like easement rights, wage disputes, usury, non-availability of credit, etc., which are crucial to him. None of these issues is covered under the formally assigned roles of various developmental functionaries. Consequently, they would prefer to keep away from these controversial issues for fear of antagonising the powerful groups in the village. Thus, here we come across the first major incompatibility between the perceptions of critical issues by the poor and the developmental functionaries. In such a setting a mutual confidence relationship so crucial for poverty alleviation programmes cannot be engendered.

The multiplicity of organisations does not suit the poor for yet another reason. In that setting even a simple programme like that for improved seeds requires the coordinated action of a number of agencies. The technical advice about the type of seed to be sown, the method of its sowing and other precautions are given by the agricultural extension officer. The seed is supplied by a marketing society for which the loan has to be sanctioned in advance by the cooperative society or some other financing institution. The sanction of the loan itself can be a long drawn process involving filling in of a mysterious form supported by documents to be collected from the revenue authorities, submission of application and repeated enquiries about its sanction and the final disbursal. The total effort involved in obtaining a small quantity of seed may be as big that it may become counter-productive. He may, therefore, prefer to try alternative sources for getting improved seed if he is convinced about its merits. Alternatively, he may continue to use the old seed notwithstanding his preference for the new one, a preference which may appear to be a riddle to those who forget the micro-dynamics of his operations.

And this may be so when everything is moving smoothly. But there may be many a slip in that long process from the beginning in a scheme to the final stage where the actual benefit accrues to the poor man. For example, the cultivator may have taken the word of the extension officer for the supply of seed at its face value and may have made no arrangement of his own for the seed. Therefore, if his loan is not sanctioned or the seed does not arrive in time, he may be in a bad situation. Sometimes the seed may be bad and he may miss the season, a thing he can ill afford. If he makes an issue of any of these lapses, in all probability it is he who will be proved to be wrong for some lapse at some stage in that long process and thus made responsible beyond all doubts for the resulting failure.

As we move to bigger programmes, the complexity increases, a larger number of institutions are involved, the responsibility is diffused and the chances that something may go amiss also increase. Simpler people, therefore, tend to go out of the development game simply because of the complexity of the system. What is worse, some of them may incur a liability

merely for venturing to do something in good faith without the benefit aimed of accruing to them. An irrigation pump may be procured and installed by a cultivator after the hassle of dealings with a number of authorities, including revenue people for establishing his entitlement, going to cooperative institutions for a grant of loan and subsidy, to the marketing society for procuring the engine pump, to some construction agency for its installation, to the electricity authority for power connection, and so on. However after everything has been done, a loose nut falls out and the pump does not work. The fault is not detected in time and the farmer does not get the benefit of irrigation in that season. Even so, though no benefit has accrued to him, the interest charges will continue to be levied and the instalment of loan will fall due on the stipulated date. He will therefore, be obliged, to manage the repayment either by liquidating some asset or by taking a loan from a friend or a moneylender. None of the numerous agencies involved in this private irrigation project is responsible for seeing that he does get the intended benefit. Many a cultivator are ruined as a result of this divided responsibility amongst a number of organisations and their inability to help him. In fact, each one of them having done its bit to its full satisfaction and the individual having acquired the liability of all, the benefit may still not be reaped by him due to some lapse on his part or a gap at some point due to the malfunctioning of any one of the numerous executing agencies. The poorer the man, the lesser his capacity to handle complex situations and the higher his risk in participating in developmental programme managed by a galaxy of organisations, each dedicated to his development but responsible only for the formal execution of a small part.

Missing Critical Inputs

In a multi-agency programme another recurrent phenomenon is the missing of some critical element. For example, in many an irrigation project, even after a heavy investment has been made in the storage tanks and in the basic canal works, no benefit would accrue to the cultivator for a long time since the distributories may not have been constructed. Similarly even when water may be available, the field may not be suitably developed and may result in the wastage of water. Lastly, the cultivator himself may not have the resources or even the technical knowhow for effecting a change over from non-irrigated to irrigated agriculture. This is true for the major, medium and even minor irrigation projects. As the problem of unutilized irrigation potential grew in size, corrective measure were taken and Command Area Development Authorities set up for major and larger medium irrigation projects. The problem, however, continues to exist in a big way since the command area concept has not been extended even to minor irrigation projects, not to speak of private irrigation wells whose number is quite large. In the case of State projects the cultivator becomes liable for an irrigation cess and in the case of private wells he is liable for re-payment of loans even though

he may not have received the full benefit of irrigation.

Irrigation is illustrative of a common feature in rural development where a small man may be burdened with a heavy liability for investments that may not have yielded the desired results since some critical investments may be missing, simply because he may have no technical knowhow or the needed resources. Exotic birds may die because preventive measures may not have been taken in time and medical coverage as envisaged in the scheme may not have been forthcoming. Milch cattle may become a liability, notwithstanding a good yield since the transport may have failed them or the containers for carrying milk may not have arrived. The maintenance of exotic cows may become a problem because the feed unit may have stopped functioning. A drinking water scheme with a heavy investment may remain unoperated since there may be no mechanic in the locality to look after it.

Usually there is considerable time-lag between the appearance of a problem and its final solution. Firstly, the problem itself may not be acknowledged. Further, motives may be imputed to one who may care to report the failure. Secondly, the problem may not fall clearly within neatly defined duty chart of any of the organizations as there is always ample scope for varying interpretations. Finally, even when the responsibility is accepted in principle, the organisation may feign inability to do anything in the absence of a duly sanctioned scheme. It usually takes a long time before an appropriate scheme can be formulated, sanctioned and operationalised and the problem is satisfactorily solved in the field.

The Schematic Approach—Its Consequences

In the absence of a comprehensive frame of planning and implementation, particularly for smaller units like the Block and the village, the only choice with the authorities at the Centre and the State with regard to the numerous rural development and poverty alleviation schemes is to disaggregate them in a routine way on a per district or per Block basis. In fact, this process is so mechanical that even certain obvious parameters like population and area of the concerned units are not taken into account and instead the easiest course of simple arithmetical division is adopted. This has given rise to an unhealthy trend of creating more administrative units simply to attract larger financial assistance from the Centre, notwithstanding the heavy non-developmental costs involved in the creation of new units. Moreover, with such a mechanism all the possible programmes are sought to be taken up uniformly in all units throughout the country or the State, irrespective of their suitability or otherwise for the concerned area. There is tremendous wastage in this system since schemes may be implemented even when they are not needed. For example, the National Rural Employment Programme is extended uniformly throughout the country including those areas which have acute labour shortage. The net result is that a large number of works are undertaken even in those areas.

This accentuates labour shortage and pushes up the wage rate as also the margins of middlemen. A similar situation arises when the Milch Cattle Programme based on the stall-feeding of animals, which requires great personal care and attention, is extended to sparsely populated areas.

Similar dissonance can be seen in many schemes taken up in areas experiencing heavy pressure of population, for example, liberal loans may be provided under some schemes for labour displacing agricultural machines even in thickly populated areas where greater attention is called for to intensify agriculture on small holdings. Attention could have been given to land development, irrigation and better husbandry practices for utilising the surplus manpower. These would have not only helped the poorer sections but would also made large net additions to agricultural production. The scheme of road side plantations, specially designed for heavily populated areas with little fallow land, has been extended without much thought to the sparsely populated hilly forest regions. The same investments could have yielded manifold results if an alternative package was specially designed comprising protection of rich forest growth and plantations on denuded hills and extensive wastelands. Similarly intensive agricultural practices may be pursued doggedly by the extension agencies even in the most sparsely populated areas where land is not scarce. In such cases, a suitably designed extensive tree-culture programme would help not only in restoring the ecological balance in the region but in getting better economic returns to the individual and in consolidating his command over the resources.

The examples of dissonance between the needs of a region and the programmes undertaken can be multiplied almost endlessly. The same resources of men and material, given an appropriate planning frame and orientation to the people's needs, can yield much higher dividends for rural development in general and for the alleviation of the conditions of the poor in particular. The most important contribution of such a programme would be a sense of involvement and the establishment of a confidence relationship between the administration and the people.

Planning at Discount

At this stage, the important question that arises is how all these distortions have continued notwithstanding the detailed exercises of planning at various levels, for more than 35 years now. It is not that these problems are not known; concern has been expressed in various forums from time to time, followed usually by a consensus about the need for effective measures to correct aberrations. Yet no significant improvement is visible. Even some serious efforts initiated with a clear perspective about these problems like the IRD and even the ITDP could not proceed very far. The basic reason for lack of effectiveness perhaps lies in the very process of planning. Firstly, our planning is highly sectoralised and secondly, it is largely financial. Once the overall size of the Plan is determined and inter-sectoral allocations are made on the basis of the overall

national priorities, the rest of the planning process is reduced to a disaggregation and an allocation exercise. At every level the programmes are trimmed to the available financial outlays.

While overall national priorities go to determine inter-sectoral allocations at the national level, those need not hold good for all the States. Yet the State Plans tend to follow the set pattern which creates dissonance between the Plan and the need even at the State level. There are two reasons for this. Firstly, it is easiest to insist on and follow national priorities even in detailed exercises of State Plans. Some variations may be allowed, but reluctantly, in the context of local conditions and many a scheme do get incorporated notwithstanding their unsuitability. To ensure that the planning frame in each State reflects the specific parameters relevant to its situation, the requisite refinements in the planning process remain to be achieved. Secondly, once the broad sectoral allocations are indicated at the national level, a vested interest is created and the concerned sectoral authorities adopt rigid postures, reluctant to yield ground in favour of even the high priority programmes in the local context.

If this is the situation at the State level where a comprehensive Plan is expected to be prepared, the situation is bound to be worse as we move from the state to the district, the Block and finally to the village. In their case there is no opportunity for inter-sectoral adjustments in keeping with the social and economic situation in the relevant area. The most telling example is that of shifting cultivation in tribal areas. In many States, particularly in the north-eastern region, shifting cultivation is widely practised and is the mainstay of the rural economy. Yet in the agricultural and rural development programmes shifting cultivation may not appear at all or, at best, may be kept at a marginal level. The planners may be satisfied with a pilot project here or by including a nominal scheme on shifting cultivation there, in a long list of other schemes of agriculture which may have been drawn up without any relevance to the local conditions. Thus, liberal financial allocations may be made in favour of general schemes like those for improved seeds, fertilizers and for the promotion of crops grown in a small area whose performance may be meticulously assessed year after year in terms of impressive percentages while the central issue of shifting cultivation goes almost unnoticed. It is not surprising that even the basic data about shifting cultivation like the are a under shifting cultivation, the number of shifting cultivators and the cycle of shifting cultivation have not been built up in the past 35 years. In fact, shifting cultivation has escaped even the detailed quinquennial agricultural surveys otherwise planned in great detail. The entire sector of dry land farming has not claimed attention in the national agricultural plan basically for the same reasons.

Planning essentially aims at the optimum utilisation of available resources, human and physical. For achieving this objective the plan for an area must have clear priorities—inter-sectoral and intrasectoral—both in absolute terms and with reference to a time horizon. Once the quantum

of resources available for a period is known, it should be possible to identify, on the basis of priorities already fixed, the portfolios of programmes which can be taken up for execution. In case the resource position deteriorates, the items lowest in priority can be deleted. If the resources are plentiful, the items next in the order of priority which could not be included in the package for want of funds can be taken up. This is no doubt a difficult exercise but an essential one for a rational utilisation of resources. Since a village, a block, a district, or a region does not have a plan for the rational utilisation of resources, the inevitable corollary follows. The outlays under each programme are allocated in a routine way and their quantum depends on the relative strength of the various pressure groups operating in the area. Some pockets may get all the favours while the disadvantaged regions and weaker sections of the community may not get even their due, not to speak of a weightage to enable them to negotiate successfully their handicaps. Such a climate of uncertainty, in fact, suits everyone, officials and political leaders alike, since it gives them a lot of discretion and alibis for non-action and non-performance.

Another aspect of the planning process that contributes to the dissonance between the programmes and the real needs of an area is the obsession with schematic detail and form to the neglect of the overall directional thrust and objectives. In a financial plan all authorities in the State and the Centre are concerned with fixing the items on which money is proposed to be spent. Consequently, each scheme must have the details of financial expenditure even in relation to peripheral items like the supporting staff and contingencies which go to form the bulk of even a technical project report. In a situation where such details are insisted on, it is obvious that on considerations of logistics each point of all the variegated schemes included in a project cannot claim the due attention of the authorities charged with the responsibility of approving it. Therefore, inevitably, routine takes over and the form becomes sacrosanct. Small matters dominate discussion while the basic parameters and directional thrust, which are usually presented in general terms but lack area or group specificity, are glossed over without much comment. This is convenient to all concerned. Once the seal of approval is put by a high authority, all flexibility is lost.

The conditions in our vast country vary so much from area to area that any scheme, however meticulously prepared at the national or State level, cannot be in full harmony with individual local situations and some dissonance must remain in almost every case. Since nothing can be changed after the scheme has been sanctified by the infallible ritual of project appraisal and plan formulation and approval, there is considerable waste all round which nobody can question.

Personnel—A Key Factor in Poverty Alleviation

A plan is as good as its implementation. Even a perfect plan may come to nought if the executing agency does not rise to the occasion. On

the other hand, miracles can be done even without a formal plan, given a clear objective and a group of competent and dedicated people to do the job. The rural scene in our country is extremely complex and the poverty issue has become very intricate by the interplay of countless social, economic and political forces. Even though efforts have been made to give the desired direction to the rural development and poverty alleviation programmes, the planning frame itself is far from satisfactory and has many a serious lacunae. In fact, even if due caution is taken in respect of all the points noted earlier in the design of the formal planning frame, it would still be far short of the ideal because of the inherent nature of the poverty issue and the micro-dynamic forces affecting the poor. Experience shows that as soon as a formal answer to one of their problems is found, adverse forces take over and succeed in creating distortions, resulting in a new form of dissonance. In this context the role of those involved in planning and implementation of rural development and poverty alleviation programmes becomes crucial.

This role of an individual in the system stands out in contrast with that expected of him in the modern sectors of the economy. The modern sector has a highly formalised frame and extensive built-in checks and balances. The individual member is a part of the vast and complex system, having comparatively lesser discretion. Moreover, the malfunctioning of the system comes to the fore automatically because an objective assessment of the performance is easier and it can be traced down to its source in precise terms. This creates a climate for a more responsible behaviour and greater accountability on the part of each individual. Such precise formulations and correctives are not available in rural development in general and in poverty alleviation programmes in particular. Even the concept of poverty itself is rather vague and the general conditions of living of the people are not easily quantifiable. Moreover, in these programmes perceptible results are possible only in a longer time frame. Some of the first elements like ensuring confidence amongst the poor cannot be captured in a report comprising dry statistics. Therefore, precise criteria of performance leading to personal accountability, based on continuous appraisal of results like the ones in a factory, are difficult to formalise.

Commitment and competence are two important attributes relevant to the implementation of any programme. In the modern sector competence assumes the primary role while commitment acquires primacy in the programmes for the poor. In the present national milieu there is great emphasis on institutions and their form. The role of an individual has got relegated to a secondary position. Moreover, the competence of an individual is relatable to certain objective criteria like training, educational qualifications and work experience which can be precisely measured on a carefully designed graduated scale. But motivation is not amenable to such assessments. Consequently, motivation, by and large, does not get a place even in the selection process and is not a strong point of our developmental administration. Emphasis on form has further routinised implementation

Accountability is being interpreted more as an adherence to rules and committing no mistakes instead of being related to the quantum of benefit, tangible and otherwise, accruing to the poos which itself is not amenable to precise quantification. The dissonance between the formal programmes of development and their real objectives has consequently persisted without any sign of improvement.

Another characteristic of our administration relevant to poverty alleviation is that the administration itself formally belongs to the organised sector of our economy. Its members hail from the educated group who very often belong to urban areas and also to higher social groups in the society. In terms of the four-way dichotomous classification of the socio-economic system of our nation, the administration is located very near the organised-educated-urban-higher class pole. The first important consequence of this class character of the administration is the built-in prejudices against the rural and the poor and the inherent bias in favour of the higher groups. This situation is accentuated by the fact that in rural areas administration has the hallow of authority of the State and there are no countervailing forces to bring about the desired balance. Even the political elite, with a few exceptions, gets aligned with the power structure since the perceptions and interests of the two groups are, to a large extent, common.

The ineffective implementation of the land reforms legislation is a case in point. Similarly protective measures, even when supported by a strong law, have not sufficiently helped the members of the tribal communities against land alienation or usurious money-lending. So far as equity to the tiller of the land is concerned, a whole array of politico-administrative pressures, beginning with legislation, through execution, to adjudication, have together resulted in the extremely unsatisfactory performance. In this context it is not surprising that the inhuman practice of bonded labour was forgotten after the State legislatures had performed the ritual of passing the necessary legislations. When the question was again brought to the fore and the Union Government decided to bring in a strong Central law on the subject, with built-in deterrence, the battle seems to have been lost even before it had begun in the first issue of their identification. The elite could see nothing wrong in a person being obliged to serve for years in consideration of a loan or in the advance sale of produce at pre-determined low prices to repay the loan given at the time of sowing, notwithstanding clear provisions in the law declaring them illegal and liable for penal action. The cobweb of inequitous relations acquiesced in by all parties could not have been cleared by the mere passing of a law with a partisan administration made responsible for its implementation.

The improvement of communications and the lack of physical facilities in rural areas have led to other undesirable consequences in the rural development and poverty allviation programmes. The officials hardly spend any time with the people. They move about in fast moving vehicles from one place to another. Further, they usually meet only a few

people, largely the elite, while the common man remains a silent spectator in the crowded meetings that are organised for their official visits. Consequently, there is little communication between the two and the problems of the poor remain largely unstated and unappreciated. In the absence of physical facilities the field functionaries have to depend even for the minimal facilities of stay and food on the rural elite, the bigger cultivator, the local contractor or the money-lender. This provides a visible testimony of the alignment between the rural elite and the developmental functionaries. Those who do not follow this pattern in their field visits are rare exceptions. Therefore, it is not surprising that a confidence relationship has not been established between the poor and the developmental administration which is a pre-condition for realistic planning and effective implementation of poverty alleviation programmes.

Personal prejudices and a wrong perception of the administrative personnel seriously affect even the simple programmes of strengthening the economy of the poor through financial assistance which are in the nature of the transfer of resources in favour of the poor. Not everyone in the system is convinced about the subsidy and concession in interest given to the poor under various poverty alleviation programmes. Poverty is viewed by the orthodox more as a fruit of the *karmas* in an earlier life and as an obvious result of their lethargy and indolence by the modern elite. Assistance by the State to such a group is, therefore, regarded as a dole which is likely to be squandered by the poor without in any way improving their economic condition. In their view its consequences may be just the opposite since they may tend to be more indolent and get used to expecting something for nothing.

There is a grain of truth in these premises but the underlying reasons are different. For this the system is to be blamed. The insidious processes of deprivation, the major cause of poverty, are nowhere explicitly stated. Even those who have some knowledge about them tend to ignore them since those premises question the very morality of a system in which they happen to be the gainers. These facts are not only conscience-pricking but go to compromise their personal and group interests. When a programme is visualised as a dole to the undeserving, there can be no commitment. Pilferages at various points are acquiesced in without any qualms. The beneficiary is also reconciled to the attitude and is prepared to share a part of the dole-benefit with the hand that gives. Once the rot sets in a system, it does not remain confined to one part. Consequently, the general milieu of development is vitiated. Some consideration is expected by the functionaries even for other routine tasks which the citizen should ordinarily expect to be done in the normal course.

There is another serious consequence of this process to the poor man's programmes. Not only is the poor denied the full benefit of a programme due to him, the net receipt in his hand too may in many cases be far less than the minimum quantum necessary for taking up the intended work and completing it. For example, if a poor farmer does not get the full amount

of money needed for the construction of a well, he may have to go elsewhere to meet the balance. Thus, he falls into the trap of usury and the benefits of development pass on to the better off groups. In many cases he may not even be able to get an alternative support and the well may remain incomplete and collapse after the first rain. Thus the entire investment goes waste. Since the work is not complete, his entitlement to subsidy is also in question, part of which he did not receive. Further, he is liable to pay the interest on the loan. Thus, his liability is more than that what he received and continues to mount with time. In the final analysis he may lose the land on which he wanted to construct that well with the fond hope that he may see better days with the liberal assistance of the State, as promised. However, the liberal terms of that scheme itself become a curse and his venturing into that dreamland turns into a nightmare. Such experiences give rise to deep psychological problems which are not quite appreciated and the really poor suffer the backlash of the very processes of development.

Towards a Strategy

CHAPTER 14

The first crucial battle in the war against poverty has to be in the realm of ideas and concepts. The moment it is accepted that the poor are not poor but are deprived, half the battle is won. This concept has nothing to do with any brand of radicalism. It is just a corollary of our national decision to adopt egalitarianism as the basis of our national life. The problem of the toiling millions comprising the bulk of the so-called poor will be resolved if they can get their due share in the economic system as per their respective entitlements. The few who may still remain poor will largely comprise the category of destitutes and deviants, who are found in all societies—developing and developed. Their problems can be easily tackled by a nation free from debilitating burden of superfluous mass gathered at the top by inequitous processes.

A preliminary but important condition for eradication of poverty is creation of a milieu for hard work and austerity at all levels but particularly in the organised sector. Even in those Western countries which had the advantage of all possible factors—economic, political and social—being-favourable at the time of their take off, hard work and austerity were accepted as an integral part of their national value frame. Our country, at the corresponding stage of its economic history today, has to negotiate many hurdles. We have a comparatively smaller resource base and a larger population; there are no empty lands around; and we have a long way to go even for ensuring a reasonable living for all, let alone attaining standards comparable to those in the advanced countries. Successful negotiation of these and many other hurdles will no doubt require inculcation of scientific temper and capitalising on the global technological advances. But the foundation will remain fragile unless it is reinforced by dedication and commitment of the people and adherence to the great tradition of simple living and hard work.

General Strategy--An Outline

Considerable experience has been gained over the four decades of planned economic development in our country, which can be pooled together and used for preparing a comprehensive frame for rural development and poverty eradication. The first major point in this regard is about the planning frame itself. The sectoral approach to planning is quite inadequate

for this purpose. The sum total of programmes comprising numerous bits is unpredictable, particularly in the traditional and informal sectors which hold the key to poverty eradication. A holistic frame is necessary for fixing right priorities. Countering deprivation should be the central theme of planning and must remain in focus in programme formulation. Priorities should be fixed cutting across all divisions and distinctions of the formal system. In such a frame elimination of exploitation in all forms will have the highest priority because any attempt to fill a pot with a hole in its bottom is bound to be frustrating.

But protective measures by the State, howsoever stringent, cannot provide abiding solution to the problem of insidious exploitation. Adverse forces appear in subtle ways and unpredictable forms. Some of them are part of the formal system itself. Thus, by their very nature they are omnipresent. These forces cannot be effectively countered unless the deprived themselves acquire inner strength to resist them. Enlightenment and organisation of the deprived, therefore, are crucial for equity. Education has the potential for becoming a force for enlightenment and liberation. In fact, education is in the nature of a basic right which cannot be denied even for a day without serious implications for the condition of the poor. Similarly the capacity to resist adverse forces also depends on the physical condition of the person concerned. Unless a person enjoys good health he cannot be expected to put in requisite labour for improving his economic condition. The establishment of good institutional infrastructure and efficient health service have to be accepted as integral parts of poverty eradication strategy.

In a frame where poverty is accepted as a manifestation of deprivation and the poor as deprived, programmes for economic development by themselves can claim priority only next to elimination of exploitation and building up of the inner strength of the deprived. If measures in these two vital areas are effective, the deprived will need no external support. They will move on their own, drawing required nurture for growth and development from normal operations of the economic system. These people, in their turn, will become a source of strength for the system itself. Nevertheless, carefully planned measures of economic development can aid this process and quicken its pace. On the other hand, wrong priorities can retard the process and even prove to be anti-poor.

Thus, the strategy for eradication of poverty should comprise action in the following three areas in that order of priority:

- (i) Neutralisation of deprivation processes;
- (ii) Building up of inner strength of the community and its members;
and
- (iii) Economic programmes.

While importance of the above elements is generally accepted, the significance of and the need for high priority for the first two are not fully realised. An important feature of measures for economic development is

that in the absence of effective measures for neutralising processes of deprivation, they can adversely affect the very people for whose benefit they may have been prepared. Therefore, it will be necessary to formulate a plan which, besides comprising suitable economic programmes, is also geared to neutralisation of deprivation processes. Only then intended benefits will accrue to the deprived and poverty will gradually disappear. However, an important prerequisite for preparing such a plan will be a clear understanding of those elements in the national life in the face of which a variety of laws for the protection of the poor, directive principles and even specific provisions in the Constitution in this regard have not succeeded in countering these processes effectively. Instead an opposite trend has set in which has put equity at a discount and is accentuating inequality.

Countering Deprivation

The processes of deprivation appear in countless forms--insidious and gross, implicit and explicit. They may affect the concerned groups directly or indirectly, overtly or covertly. (This analysis in a summary of a detailed analysis of deprivation processes by the author being published shortly.) A number of deprivation processes are outright illegal which are acts of simple loot and thuggery. But in many cases the structure of social, economic and political institutions and the system itself are responsible for many a process which bestow undeserved privileges on certain groups and, by the same token, render many others vulnerable. These processes are in the nature of System's Squeeze which itself may have the support of the formal legal frame and be legal or may not have that privilege and be illicit.

Some processes of deprivation are directly induced by the very forces which are expected to propel the engines of growth. These processes which comprise backlash of development have full support of the formal system notwithstanding their undesirable consequences for many. In fact, the System assiduously moulds itself so as to meet in full the *demands* of development and to ensure that there is no dissonance whatsoever between the System and those forces and that wheels of development move on unobstructed smoothly and with ease. The backlash affects people broadly in three ways. Firstly, some activities of the former system become irrelevant and concerned people face *structural* backlash. Secondly, while some activities may continue to be relevant, yet their relative valuation may be drastically changed to their disadvantage in an *insidious* fashion. Lastly, the changing relationship between the people and their resource base proves to be *diabolic* for those who are required to pay the price of development and carry the Cross while others enjoy big bonanza. Thus, processes of deprivation can be formally grouped together as follows :

- (i) Simple Loot and Thuggery.
- (ii) Systems' Squeeze—(a) Illicit (b) Lawful.
- (iii) Backlash of Development—(a) Structural, (b) Insidious, (c) Diabolic.

Illicit processes of deprivation are engendered and gather momentum

as the State begins to neglect its basic role of maintaining law and order. The situation becomes worse when there is centralisation of State authority, but particularly so when it is accompanied by laxity in control, disorientation of hierarchical order and a general milieu of uninhibited self-centred indulgence. They also have significant social overtones like those associated with untouchability and caste dynamics in our country. It is unfortunate that a dualistic order is now getting settled even in matters vital to all citizens alike such as maintenance of law and order, handling of crime and administration of justice. Such a milieu cannot provide a propitious setting for economic development. Reasonable state of order is a pre-condition for meaningful social life. There is no alternative to the rule of law and proper functioning of administrative apparatus.

Here we face a dilemma. There is a tacit belief that centralisation is essential for economic development. But centralisation is undesirable on many a count and counter-productive particularly for equity. Consequently, streamlining of administration is no doubt a necessary condition for recreation of reasonable state of order but cannot be a sufficient condition for countering even illicit processes of deprivation. The acts of Simple Loot and Thuggery can be effectively countered in the face-to-face setting of small communities but not unless people enjoy the inherent right of self-governance. The present top-down structure must be replaced by institutions at the mass-roots constituted as units of self-government.

The responsibility of the State about System's Illicit Squeeze is clear, unexceptionable and urgent. All forms of bondages, economic or social, must be resolutely snapped. Usury and exploitation of both the producer and the consumer through manipulation of market need to be eradicated. Enforcement of minimum wages also falls in the same category.

System's lawful squeeze is most pervasive. These processes are embedded in the socio-economic system which comprises numerous layers spanning from the outermost global crust to the local systems at the centre. These include the international economic order, the national economic order and a variety of formal and traditional institutions at the national, regional and local levels. The immediate interest of the global order is best served by inequitous growth. The national economic order itself is also highly biased. Firstly, some of the policies of the State have devastating effect on weaker sections. For example, policies about liquor and lotteries are all black with not a single white spot or silver lining to commend. Secondly, there are many a serious gap and omission like those with regard to extension of educational and health services as also cases of inadequate emphasis on those policies which have dire consequences for the common man. The System's Squeeze by its very nature cannot be effectively tackled unless the processes are traced to their roots and the System itself becomes consistent with egalitarian goals. The first task in this regard will be to define the parameters of development and life style of the people in consonance with our national priorities and also the national resource matrix.

The backlash of development perhaps could be accepted as inevitable in a *laissez faire* economy but not so when development is claimed to be planned and sought to be directed. The backlash, therefore, cannot but be a consequence of inadequate understanding, defective planning, insidious biases, studied violation of principles of equity and mindless pursuit of self-interest by the power elite. The severity of backlash is highly variable which depends on the position of the individual in the System and the variant of backlash afflicting the person. Members of the Scheduled Castes, for example, face both structural and insidious backlashes while members of the Scheduled Tribes are the worst sufferers facing all the three. Each variant of backlash has its mirror image on the winning side in the form of structural, insidious and diabolic gains which creates vested interest and facilitates its continuance.

Insidious backlash is most pervasive. But fortunately it is the easiest to handle because it is not intrinsic to the processes of change and is largely a result of manipulation of the System by interest groups. It can be effectively countered through a clear policy of equitable distribution of the fruits of development. But structural backlash is intrinsic to the processes of change and, therefore, it cannot be wished away nor can it be stalled. Nevertheless, a significant feature of structural backlash is that it does not appear all of a sudden and its impact is gradual. Suitable plans can be formulated in advance for preparing the people likely to be adversely affected for change.

Diabolic backlash has an aura of rationality. A variety of social and economic forces form a queer amalgam in which perspectives about basic issues get distorted. The perceptions and perspectives of the affected people cannot be discounted and denigrated only because they do not have the support of the formal legal frame. The basic issue here is about the entitlement which the displaced should have in the new economy which is built on the debris of theirs. Equity would demand that none should be allowed to face diabolic backlash. Moreover, the concerned people should be accepted as partners in development. The State should ensure that they acquire an honourable position in the new economy, not as a token of charity but in full recognition of the sacrifices which they make for its establishment.

The most insidious form of deprivation which affects all vulnerable groups is the State's policy to mobilise resources for financing structural transformation which includes not only capital formation and maintenance of State apparatus but even the general support to the modern sector of national economy. It is generally believed that the poor have no role to play in capital formation since their's is a deficit economy. But it is the deprived who are required to carry the Cross. This, however, is managed in such a way that no one may even sense the reality and, what is more, the non-poor can have the righteous satisfaction of making sacrifices, big and small, by way of contribution to the national development through personal savings and payment of taxes and other levies. This, however, brings us to the question

of entitlements which needs to be considered in some detail to enable us to arrive at a reasonable frame for resource mobilisation for development.

Equitable Entitlements

Equitable entitlements comprise the obverse side of deprivation processes. As processes of deprivation relent, entitlements will become increasingly equitable. But it cannot be said that if all these processes disappear, a state of full equity would have been established. For example, a system may be ostensibly free from deprivation processes, yet unemployment may continue unabated. Such a state implies that the first basic entitlement of all citizens, that is, the right of gainful participation in the national economic system, has not been honoured. Similarly an ordinary labourer may receive wages as may have been formally fixed under the law, yet his share in the gross national product may be disparate. Members of some other groups may have perfected claims to higher entitlements for their skills and labour. Thus, while poverty may have been eradicated and deprivation may disappear in absolute terms, yet it may reappear in the form of relative deprivation. This is not all. Entitlements to a share in the gross national product can be perfected in many other forms such as returns on savings, investments, ownerships of assets and command over means of production which can be quite sizeable. What finally accrues to the ordinary people not only depends on the relativities within the national wage structure but also on the relative share in the gross national product of non-labour elements embedded in the economic system.

Thus, there are three distinct aspects of equitable entitlements each one of which should be considered separately. These are (i) entitlement to employment at a reasonable minimum wage, (ii) equitable valuation of labour as reflected in the relativities in the national wage structure and (iii) equitable entitlements in respect of benefits related to non-labour elements in the gross national product. These three facets of equitable entitlement can be visualised broadly as three phases in the nation's march towards realising egalitarian goals. Nevertheless, they are highly inter-related and have many common areas which include immediate tasks, intermediate strategy and long term perspectives.

Employment

Employment essentially means gainful engagement of an individual in an economic activity. In formal terms all members of the organised sector are *employed* and are assured of a reasonable wage. If all citizens in a country could enjoy the privilege of employment at a reasonable wage no one would remain poor. In this frame poverty becomes an exclusive phenomenon of the unorganised sector, particularly the rural economy. It is ascribed to the lack of opportunities for gainful engagement in economic activities or the prevalence of unemployment and/or underemployment, open or disguised. The obvious solution, therefore, is creation of employ-

ment opportunities.

Even though there is some truth in this formulation about poverty eradication, it is rather simplistic. What is more, it is in the nature of a judgement on the state of traditional economy without appreciating its nature, texture and content. This judgement is crucial for the issue of poverty because it involves implicit superimposition of the concepts and norms of the organised sector on the traditional economy unmindful of the incongruity of the two frames. A critical analysis of the nature of employment in the traditional sector clearly brings out that the perception about the state of employment in the traditional economy is highly distorted. This happens on all the three counts which are basic in any reasonable formulation about employment, *viz.*, the type of activity, the nature of engagement and its gainful character. For example, in the setting of traditional economy it is difficult to define precisely an economic activity and quantify labour input therein. The gainfulness of engagement in an activity is sought to be measured by the associated economic return which the individual can claim. But these returns, in their turn, depend on the assessment of work, the type of activity and the nature of engagement. Thus, in determining the nature of an engagement cause and effect relationships are almost reversed.

Here is the real twist. The various elements, as they appear in the frame of the traditional system, cannot be reasonably assessed using the frame of modern system. Inadequate appreciation of distinctive style of work is best illustrated by the general perceptions about the tribal economy. A tribal at the gathering stage apparently lives on the bounty of nature. But his activities comprise a complex mix requiring a variety of high level skills and great physical effort. They are, however, not amenable to classification even in broad terms like personal, social and economic, not to speak of the refined work norms of the modern economy. (Argument here follows a detailed analysis of employment in the traditional sector by the author being published separately.) Similarly a large number of elements in the farmers' economy cannot be precisely assessed with regard to the quality and quantity of labour input. Consequently, when the norms of modern sector are applied to assess the labour input in hunting and gathering of the tribal people or in agriculture by the farmer and their contribution to national economy, it cannot but remain at best a partial exercise.

The position is worse for agricultural labourers as landowners are adopting the mould of the industrial sector to organise agricultural operations through hired labour. In the absence of objective norms the sweated labour which the small and marginal farmers are obliged to put in alongwith members of their families to eke out bare subsistence becomes the general norm of work for agricultural labourers as well. The landowners impose this norm with impunity on all workers which yields them meagre returns for their labour. But the matter does not end here. The landowners resort to rationalise the use of labour adopting the mores and modes of the industrial system. Labourers are inducted for work according to the precise requirements of the moment. The system of long term employment

is replaced by casual employment and piece-wage system. This essentially means squeezing out the built-in leisure gaps and lower intensity work stretches from the otherwise wavy agricultural chore and convert it into solid blocks of work of desired duration and intensity. As a result of this pseudo-rationalisation the number of labourers engaged in agriculture is drastically reduced. What should have been deemed to be full time employment in agriculture is reduced to casual wage employment and/or part-time employment.

The net result of all these processes is that the valuation of the effort of all those engaged in the traditional sector is highly depressed. Moreover, the depressed valuation of agricultural labour, its multiplier effect as a measure of all other elements in the agricultural economy and disentitlement of the farmer to the non-labour elements in the net produce create a vicious circle which results in drastic reduction in the economic returns of all partners in agriculture. These highly depressed returns are used, without even realising that they are depressed, as the basis for assessing the employment status of the people and also the state of economy in the traditional sector. Since economic returns of the vast majority in the unorganised sector in general and agricultural sector in particular are meagre, they are deemed not to be fully employed irrespective of their actual engagement in a variety of activities concerning life and living. In this process the basic issues of equity and entitlement are missed. The groaning burden of deprivation becomes excruciating as these people are advised to add to what they already carry ostensibly to improve their economic conditions, which may incidentally serve the general economy as well. This is clearly a wrong prescription which is directly relatable to wrong perception based on wrong premises.

Another source of distortion of employment situation in the traditional sector is the biased perceptions about the role of women and the idea of a bread winner in the family. Since the concept of employment is circumscribed to a small segment of economic activities relatable to the market economy, the vital role which women play in the family both in terms of its economic value and quality of life, is ignored. (For detailed discussion see Family and Education in Section 2.) Consequently, women are entering employment market in a big way in the organised sector while market is being allowed and even encouraged to engulf all spheres of family life. But the built-in inequity in this realignment of employment pattern is purposely ignored. (See Women and Dualistic Modernisation, pp. 96-98.)

The artificially depressed wages and inequitous norms give rise to a qualitatively different situation about employment in the traditional sector. Unemployment here is basically induced by deprivation or is deprived which has been discussed in detail in Appendix 2. (Nature of Employment and Unemployment below Subsistence Wage Level.) The fact that almost every member of a family is forced to join the work force brings to the fore the basic question whether such a work force should really be treated as work force and their presence in the employment market as unemployment

phenomenon. The answer is a clear No. If the labourers were to get reasonable wage, other members of the family would not be obliged to slave and rack in drudgery but could attend to other essential things apposite to their respective domains within the family or outside in the community.

In the context of deprivided unemployment certain premises underlying the so-called population trap theory of poverty need to be re-examined. It is generally believed that it is the large family size amongst the poor which is directly and primarily responsible for their poverty. This causal link is unveracious. The reality is just the other way round. It is deprivation which forces the people to seek the security of a larger family. The vicious circle of poverty and population size at the national level cannot be denied. But this is not so at the level of family. For the poor not only the cost of bringing up a child is negligible it becomes a helping hand even as a toddler and begins to contribute to family subsistence. This is not because it loves to do so or its parents are unconcerned about its welfare. The poor as victims of deprivided unemployment are led into a trap which is conveniently laid for them in the form of deprivided employment and work for a pittance with little realisation of its consequences for the deprived at large. The family size amongst the poor exemplifies the well-known paradoxes of Prisoners' Dilemma and Problem of Commons.

The phenomena of sweated labour, transformation of regular work into casual wage employment, deprivided unemployment and the resultant suction of women, children and the aged alike into the employment market stand out in striking contrast with the situation in the organised sector. There is a secular trend of better working conditions and higher wages. The employment market here is crowded, *inter alia*, even by those who want to keep themselves busy somehow. Here we have another basic issue, that is, entitlement to a share in the nationally earned leisure time in the wake of changing technological parameters of the production system. There is blatant maldistribution of leisure as between the organised and the unorganised sectors and also amongst different sections within the two sectors. A small section of power elite is enjoying long spells of disproportionately large share of leisure compared to their meagre inputs of personal effort in that system. The deprived, on the other hand, have to their lot the back-breaking heavy block of pulverised work, starvation level, depressed wages and haunting void.

This highly inequitous situation cannot be corrected unless policy formulation at all levels is cleansed of distorted perceptions and reverse logic according to which income of an individual is taken as the measure of his employment status. Two measures will be necessary to correct this distortion. Firstly, the benefits of nationally earned leisure should be equitably distributed which should get reflected in the work norms of all categories of employment in all sectors of the national economy. Special care should be taken to ensure that this entitlement also accrues to casual wage

earners. Secondly, while determining the parameters of the economy of the traditional sector, particularly agriculture, due note should be taken not only of the national work norms but also of the style and ethos of work in the traditional sector itself. The work norms in the agricultural sector, therefore, will be quite different from those in the modern sector. Moreover, the norms of casual wage earner in the agricultural sector should be especially designed. It should be ensured that the casual wage earners partake in the fruits of development accruing to that sector. Casual wage employment should be gradually replaced by a system of longer term labour contract which should simulate the working style of owner-cultivators.

Minimum Wage—A Realistic Perspective

The next question after defining the work norms is that of proper valuation of work. The most important variable in this regard is the level of skills. The biased valuation of skills as between the organised and the unorganised sectors and also within the same sector which can be traced to their inapposite linkage with factors like level of education, social status, place of work, etc., has been discussed in detail in Part I. But even after these distortions are removed, some relativities will have to be established for which an equitable frame needs to be devised.

In the absence of a National Wages and Incomes Policy relativities in valuation of work are subject to a variety of pressures and pulls with scant regard for equity and rationality. Whereas incomes have no ceilings, wages and salaries do have some, albeit partial. The question of a floor is crucial to all economic systems and is generally resolved through legislation in a modern State. Nevertheless, there is no real floor in our country so far as the unorganised sector is concerned. A reasonable floor is essential for not only ensuring that every citizen is adequately provided for to meet the minimum needs but also for determining the basic entitlement of the common man in the gross national product and arriving at the real surplus which could be shared by all according to a reasonable schema after meeting such essential national commitments like a reasonable portfolio of social services, building up of economic infrastructure and maintenance of State apparatus.

Any discussion about the floor must begin with the norms set by the State, be it a formal law, rules made thereunder or welfare schemes. A critical analysis of minimum wages brings into focus the ambivalence and inequity even in the State's own policies. It appears that there is a baseless frame for wages of many. There are large variations even in statutorily fixed minimum wages even when economic parameters may be almost the same. For example, the per diem minimum wage (1987) in Gujarat is fixed at Rs. 11 while across the border in Maharashtra it is just Rs. 6. Such a wide difference in wages at the subsistence level are indicative of lack of rationality and unconcern for even the bare physical survival needs of the people, not to speak of other basic elements for reasonable

living like nutrition, clothing, shelter and education. The inequity becomes glaring and transparent if we compare the prevalent wages which are as low as Rs. 4 to Rs. 5 per day in many cases in the unorganised sector with (i) minimum wages fixed under State laws which range from Rs. 6 to Rs. 15 per day, (ii) the per diem wage of Rs. 30 which a bread-winner must earn if his family is to cross the poverty line and (iii) the per diem equivalent of the pay of the lowest employee of the State which comes to about Rs. 60, not to speak of the little heavens in the affluent enclaves of the organised sector.

The principle that one member in a family should be able to earn sufficiently for its upkeep at a reasonable level, a principle accepted by all Pay Commissions and Wage Boards for determining salaries/wages in the organised sector, has not been conceded to the ordinary worker in the unorganised sector. The State statutes ironically sanctify this blatant inequity which also gives the power elite a sense of misplaced satisfaction of serving the cause of the poor. Even all members of a family working for all days in a year at these minimum wages cannot dream of a reasonable living and cross the poverty line. An element of rationalisation has been built in by innocuous reference to the possibility of a husband-wife team together earning a reasonable living. How can two different norms on a vital issue like the living wage remain in vogue in a country wedded to establishment of an egalitarian social order and proud of being governed under a Constitution admitting no discrimination unless it is tacitly assumed that some people are more than equal or there are some people who do not belong to the species *Homo sapiens* ?

Adoption of different principles for wage determination in different sectors of the national economy is not sustainable and must be rejected out of hand. If we accept that family principle should inform all wage earners, an ordinary labourer irrespective of the place of his work in the national economy should be able to earn in a year a minimum of Rs. 6,500 which will enable him to rise above the poverty line. This will mean a wage rate of Rs. 30 per day. If normal benefits which a worker should enjoy are taken into account and if we accept parity principle amongst all sectors, the wage will have to be Rs. 60 per day. An important question which can be raised here is whether the nation can afford a high minimum wage of Rs. 60 or even Rs. 30 per day. Capacity to pay must be accepted as crucial in all exercises of wage determination or else it may remain a paper exercise which no one may need bother about with little practical significance. But this question cannot be considered in the narrow context of each sector because it concerns people's entitlement in the national economy which they should earn by the sweat of brow through hard work. The broad parameters for this purpose have to be derived from the prevailing situation in the national economy which as a whole is a planned economy. A wide variation in the capacity to pay the minimum wage by different sectors cannot be accepted as reasonable or even consistent with our Constitutional frame. The minimum which can be expected from the State is that it will

be consistent in its premises and practices where it concerns the people working at the base.

The reasons for general acquiescence with this incongruous and unjust situation are not far to seek. Firstly, even the average minimum wage of Rs. 10 per day currently in force may be beyond the capacity of small farmers in some areas. This situation cannot be set right unless the prices of agricultural produce particularly foodgrains are drastically revised upwards for which the power elite is not prepared. Secondly, which is perhaps even more important in the immediate context, if equitable norms are accepted for the so-called 'unskilled', the labour component of development projects in the modern sector will record a sharp rise and economic viability of these projects will be seriously jeopardised. All other partners in these projects are the non-poor who belong to the organised sector. They have a clear understanding about their internal relativities which are cleverly protected without any consideration of costs. It is that great tortoise, the amorphous mass of unskilled labourers, on whose back the whole edifice of sophisticated projects rests, who is forgotten presuming that the tortoise has a thick shell and can survive under any strain in any form—inordinate shocks, outrageous shackles and consummate deprivation.

The question of relative valuation is still more vexed. The agricultural labourer travails under deep seated prejudices of the traditional feudalistic mould as also the modern capitalistic system both of which conveniently agree on one point, *viz.*, to assign the lowest possible categorisation to all skills in agriculture and rate them as 'unskilled' with no questions asked. On the other hand, all valuations in the organised sector, which controls the national economy, are internally determined. All skills therein have reflected glory of being associated, even though by proxy, with some sort of education, technology or science which all are holy and hallowed. In fact, in the final analysis inflated claims in modern sector, be it in the name of skill or otherwise, can be traced to the inequitous entitlements perfected by them on the dividends of the non-labour elements accruing to the economy, a question which we may now proceed to analyse.

Entitlement to Non-Labour Elements

The differential in the wages and salaries in the national economy even after discounting the skill factor, which itself is highly biased, is very large. It is not only the landless labourers who are pauperised. Even the owner-cultivators are in the same boat. They all put in their best effort and work much harder than anyone anywhere in the organised sector. Yet they are unable to make both ends meet, let alone the question of decent living.

This is explained to some extent by the distorted perception both about the style of work and the level of skills in the agricultural economy as discussed earlier. But this explanation is only partial. The real villain remains unidentified notwithstanding endless discourses and discussions laboured and learned—which move in circles and literally beat about the

bush. Here is a major riddle of Indian economy which needs to be satisfactorily resolved—only then can we see the light and also the path aright for journey ahead. On it hangs the fate of the countless millions, each one of whom is looking askance not able to get even 'roti' or 'bhat', let alone the luxury of 'dal', as the sweat of his brow flows, flows and flows in endless trails under scorching sun, while he searches in vain that dark Masonic mystery stone which he may have left unturned.

That the search for a dark Masonic mystery stone is really futile and that many a clue to solve the riddle are really reflections of deep-seated prejudices or are merely contrived to serve interest groups by giving wrong leads are clear from the analysis presented earlier about 'marginalisation of small farmers, pauperisation of agricultural labourers and psuedo-economy of expanding large estates' (pp. 57—61). According to this analysis rising population and disentitlement of farmers to the non-labour elements in the net produce with associated declining relative prices are the two obvious contributing factors responsible for marginalisation of a large section of farmers. But the prevalence of depressed agricultural wages and its reflex and multiplier effects ironically turn out to be the most malignant force responsible not only for pauperisation of labour but also marginalisation of farmers. This is an unsuspected relationship and quite intricate at that, which will need some explanation and elaboration.

The agricultural wages which start with the serious handicap of lowly position in the traditional social setting encounter a still bigger challenge of inherent bias against skills in the traditional sector and also are subject to the growing squeeze on the rural economy through unjustified disentitlement of farmers to the dividends of non-labour elements. While the paying capacity of their potential employers diminishes the meagre income of better placed proximate groups in the wake of deteriorating economic situation in the countryside serves as a highly depreciated norm to assess the value of their contribution. Thus, the rural economy becomes subject to the ravages of yet another vicious circle of low agricultural wages and low agricultural prices. As prevailing low wages become acceptable norms, they depress the price of agricultural produce as one of its major constituents. This in turn reduces the paying capacity of farmers and also the acceptable level of subsistence for marginalised farmers which in turn serves as a still more depreciated norm for judging reasonability of agricultural wages.

The ramifications of the vicious price-wage interplay become much wider due to the presence of marginalised peasants who themselves are caught between the worlds of hope and despair. With ever declining relative prices of agricultural produce, the vast majority of farmers who still depend on rainfed agriculture and have not received any benefit of modern technology are incessantly pushed to the margin. This is particularly so in the case of extensive regions with heavy pressure of population and marginal lands since they are facing the full brunt of all adverse forces. Consequently, destitution here becomes pervasive. Hordes of landless and

marginalised owner-cultivators are moving out of these depressed regions in search of employment elsewhere. A part of this flow moves steadily, year after year, into favoured regions as well even though these regions themselves may have armies of resourceless people. The marginalised peasantry ironically becomes the biggest drag on agricultural wages. They are prepared to work at even sub-subsistence wages since that is in the nature of supplementation. The income from their lands in a way makes acceptance of low wages possible which apparently benefits other farmers. This gain is illusory since this artificial depression of agricultural wages through the inner dynamics of agricultural economy, which is reinforced by biased terms of trade, becomes instrumental in deterioration of terms of trade.

The impact of all adverse forces obviously is most severe on the landless. Their wages descend to abysmally low level under pressure from three sides, *viz.*, growing competition within their own group, declining paying capacity at the cutting edge and entry of marginalised peasants in the employment market prepared to work for a dime. The confluence of the triple forces is disastrous. All labourers in agriculture are destined to get pauperised and, may be, even destitutes. The day of reckoning for small and marginalised cultivators is also not far.

The manipulation of agricultural prices by the power elite has already reduced the peasantry in our country to the status of wage labour, nay serfs. The State with modern sector as its ally is behaving like an absentee feudal lord who would not care less and would concede to the serf only the bare minimum for physical survival, albeit with some *shukrana* for good work. Here man is dispensable; the poor continue to breed and provide the inexhaustible reservoir of labour force at minimal maintenance cost, the toiling humanoids are disposable and can be thrown off by the System the moment they become unusable and unnecessary burden. The elements of nature—inclement weather or vile vectors—reclaim the exhumed caricature of what is supposed to be man. And for that no one need feel guilty or responsible, for that is the fate, that is the destiny of all mortals which no one can fight against!

In the light of the above analysis, while measures discussed in Section 2 (Equations for Equity) will lead to more equitable intersectoral relationship, the focus of attention in any plan for restructuring the national economy in general and rural economy in particular will have to be the landless agricultural labour. He is located in the system at a point where almost all adverse forces coalesce and subject him to the worst forms of deprivation leading to his destitution and demise. The basic question is obviously not of mere wages but of countering effectively the processes responsible for growing divorce between the tiller and the land and pauperisation of the landless. There are three facets of this issue, *viz.*, the wages, the entitlements to non-labour elements in the production system and ownership of means of production. We will begin with the question of equitable distribution of current incomes in the rural economy.

Wage and/or Price?

But where do we begin? Bulk of the rural folks are struggling for sheer survival. They are located at widely different levels in the poverty spectrum. (See for detailed discussion Appendix 2.) Any drastic action which may disrupt the delicate balance amongst the deprived themselves will not be advisable both on economic and practical strategic considerations. For example, derecognition of share-cropping, which in many cases is essentially an arrangement where one small man gets return for his ownership right and the other for his labour input, may lead to one of the two situations. The practice may get camouflaged under some legally acceptable form like execution of a labour contract. It is also possible that in view of greater risk to the landowner with more stringent laws the share of the tenant may be further reduced. Alternatively, the small landowners may start self-cultivation which of course would be desirable. But in that process the share-cropper may lose the opportunity of even getting a meagre return for his labour in agriculture. The more preferable course in the immediate context would be to recognise share-cropping as a practice but assure the tenant a larger share as has been done in West Bengal. Besides collateral measures should be taken which, while improving the economic situation in the countryside, should strengthen the tenants' position and gradually terminate that essentially inequitous relationship.

The fate of rural economy is inexorably tied to agricultural wages. The malignant interlinkage between low wages and low agricultural prices, however, poses a real dilemma. Should the dismally low wages be allowed to continue till such time as the prices of agricultural produce are raised to a reasonable level and there is sufficient to share within the agricultural economy? This will not merely mean accepting the inequitous deal for agricultural labourers within the rural economy. It will essentially mean surrender and accepting an ignoble status for the entire traditional sector through acceptance of a low-skill rating for all agricultural skills. This will be a ludicrous situation in a country wedded to egalitarianism and proud of the great tradition of *Uttam Kheti* agriculture as the noblest profession.

The other alternative is that agricultural wages should be forced to a reasonable level comparable to that in the organised sector without waiting for a commensurate price rise of agricultural produce. In any case dual standards for wage determination in the organised and unorganised sectors which are blatantly inequitous must go. Such a step will obviously engender new forces which will initially appear to be disruptive as the uneasy and hapless equanimity of small cultivators is shattered, who themselves are unfortunately oblivious of the fact that depressed wage is the root cause of their own plight. This shock is necessary and the resultant turbulence is perhaps the minimum price which has to be paid for creating the right milieu and conditions for balanced growth of the national economy in the long run in which a pride of place is assured to the common man who lives and will continue to live in villages in the foreseeable future. Such a drastic measure will serve as a catalyst and force the issue. It will help

in correcting the perspective of rural people themselves including small farmer about their place in the economic system. These farmers can then demand higher prices for their produce, not as a favour or as a gesture, but with dignity and decorum asserting their claim for restoration of the rightful place in the national economy and also with determination to fight, if necessary, against the insidious process of deprivation let loose by the arrogant elite in the organised sector who command and commandeer the System. This will create propitious conditions for establishing more equitable intersectoral equations.

The second alternative is decisively superior. It will, however, be necessary that State intervention is carefully planned. The areas afflicted by acute poverty are either heavily populated with comparatively low per capita agricultural land or have underdeveloped resources. In some cases the resource base itself is poor since it comprises marginal and sub-marginal lands. The vicious circle of low agricultural wages and low agricultural income is quite prominent in these areas. A number of conscious policy measures some of which have been discussed earlier (Equations for Equity) are necessary for breaking this vicious circle and relieving the poor from the deprivation trap. However, a vital measure in this will be to accept right to work at a reasonable wage as an ordinary labourer, as a fundamental right. In particular:

- (i) wage employment opportunities should be specially created in areas affected by acute poverty through a set of programmes which should improve the quality of resource base in the region and promote more equitable command over it; and
- (ii) pseudo-rationalisation of labour-use in agriculture should be prohibited and gentlemen farmers should be obliged to have long term labour contracts with workers.

Rationalising Entitlements

The minimum wage should be the same in all sectors of the national economy. But what should be this minimum and how should it be related to other incomes in the economy will depend on the relative valuation of skills and entitlements to the non-labour elements in the production system. All constituents in any production system which are relatable to the non-labour elements are in the nature of dividends which should obviously belong to the nation. These dividends can be used either for some common purpose after they are pooled by the State or they can be allowed to accrue, in part or in full, to the people who are active partners in realising the concerned dividends. The choice about disposal of a dividend in each case will depend on the nature of that dividend, the role of labour, the general condition of the people associated with the relevant activity and also the state of the sectoral, regional and national economy.

A major task in evolving such a policy frame will be to derecognise all spurious claims on these elements. Let us begin with the Nature's contribution. This element largely appears in the primary sector particularly

agriculture and allied activities. Consequently, it is diffused over the entire geographical expanse of the country. Therefore, *ex-hypothesie* it is more or less evenly distributed. The distortions in individual entitlements thereto arise largely through inequity in command over resources. If command over resources by itself is rejected as a ground for entitlement to the Nature's contribution, one of the basic causes of inequity would have been removed from the national economy particularly the rural economy.

Therefore, as a matter of principle no claim to the Nature's contribution should be recognised unless it flows in association with the fruits of labour of person concerned. The big landowners and forest-lords, therefore, can have no entitlement and their claims must be rejected outright. If the ownership pattern of natural resources is equitable, the Nature's contribution in the primary sector will accrue in small bits, particularly in agriculture. The question, therefore, is whether these bits should be pooled by the State and redeployed equitably or they could be allowed to be retained by the primary producer. As we have noted earlier, the price mechanism used for mopping up the Nature's contribution has proved to be extremely regressive (pp. 57-61). Any other alternative will be too costly and inefficient. Moreover, bulk of our farmers at the moment are quasi-viable or non-viable. And even under ideal conditions with dwindling holdings the Nature's contribution is more or less used up fully to neutralise the diseconomies of sub-optimal utilisation of labour. The benefit of the additive due to technological input in the agricultural sector has been rather small and that too limited in its spread. Consequently, mopping up of the Nature's contribution really amounts to a severe cut in the return for labour input. If the Nature's contribution is conceded to the tiller of the land as his entitlement, it will improve the viability of all agricultural holdings irrespective of the physico-technological parameters. This will also lead to better recognition of agricultural skills and the style of work in that sector, revival of farmer's economy and more favourable inter-sectoral equations. It should, however, be ensured that the Nature's contribution is not retained by the farmer by virtue of his ownership of land. He can claim the same through personal cultivation but should be obliged to pass it on to the agricultural labourer, if any, through such measures as enforcement of a reasonable minimum wage and long term labour contracts in place of casual wage employment.

The situation with regard to the additive due to technology, particularly modern sophisticated technology, is quite different. Higher technology is usually associated with large scale operations and a high degree of centralisation. Therefore, the additive due to modern technology appears in bulk in selected central locations. These locations are obviously controlled by small groups occupying vantage positions in the System. It is members of these groups who claim exclusive entitlement to the dividend accruing at those central points in the System which is also easily conceded. The first task, therefore, is to disabuse these people about their inflated and misplaced claims. The second important task will be to evolve a system for

its equitable distribution in consonance with the basic premise that technology is a common human heritage.

Once entitlements of members of organised sector in the additive due to technology are cut to size, the rating of their skills will also fall in perspective. This moderation, in its turn, will function as a check against future pressures for higher rating on specious premises. Moreover, moderate entitlements for those directly responsible for realising the dividends due to technology in the industrial sector will also set the tone for moderate claims for many others in the modern sector who presently bask in the reflected glory of technology.

The same principles should also apply to the dividends due to technology accruing to the agricultural sector. However, there are some significant differences. Firstly, the technological additive provides an extra cushion to a large number of small farmers to set off the diseconomies of sub-optimal labour use which are likely to increase with the growing pressure of population in the foreseeable future. Wider spread of technology is the only hope for the non-viable and quasi-viable farmers to attain a reasonable level of living. Dividends of technology in agriculture are also amenable to equitable distribution provided, however, the ownership of land is not uneven and necessary resources for its development and use of technology are available to the needy on reasonable terms. Since small farmers will continue to comprise bulk of Indian masses for a long time to come, allowing them to retain the dividends of technology will be the best alternative subject, however, to some redistributive measures within the local economy. Moreover, in the overall context of need for reversing the current flow of resources from rural-agricultural to urban-industrial sector of our economy, the dividend of technology accruing even to bigger farmers should be allowed to be retained within the rural economy subject, however, to a scheme of internal redistribution as we will discuss later.

Command over Means of Production

The measures necessary for equitable command over means of production have been outlined earlier while considering equations for equity (pp. 237-38). The question of the nature of this command is not limited to equity but has deeper significance for the very texture of our national life in general and rural communities in particular. In an egalitarian society every person in the long run must have either a reasonable resource base for self-employment or a reasonably assured employment opportunity. There are two possible models. The first alternative is to build up a System in which the central position is accorded to making each family self-reliant which should command necessary resource base capable of yielding a reasonable living. Creation of structures and institutions in which the worker is an employee may be accorded a secondary position. Alternatively, the System may be so designed in which corporate organisations and institutions with people as employees, may be as partners in

management, may occupy the central position while family-based activities may occupy secondary positions. Both family-based activities and corporate sector have their places in our national economy though their relative position is not the same everywhere. In the rural economy family-based activity is primary while corporate sector is an exception and an aberration. Our analysis in Part I shows that the modern sector has not yielded the expected dividends of organisational input and scale of operation. In this context extension of corporate model to the rural economy is fraught with serious economic consequences, not to speak of the possible adverse implications for the social system. The experience of collectivisation in agriculture even in socialist countries has not been a happy one. In our national milieu there is a strong case for evolving a model for all sectors of economy, but specially so for the rural sector, in which the basic texture may comprise individually-owned resource base for self-employment which, however, could be extended the benefits of larger organisational systems through a network of supporting institutions like those for extension and marketing.

The position about command over natural resources including land is more or less clear at least in principle. That land should belong to the tiller must be reiterated unequivocally as the basic premise notwithstanding the setbacks in recent years and the arduous journey ahead for achieving this ideal. It is imperative that irrespective of the timing of other measures further polarisation in landownership through imperceptible processes of deprivation is effectively checked forthwith. For example, besides stringent enforcement of ceiling laws, the ceiling on land should be drastically scaled down and further acquisition of land by non-cultivators and even cultivators who already have a family holding or more should be prohibited. Sharecroppers, marginal and landless labourers should be given the right of preemption in all future land transfers other than through inheritance. Last, but not the least, absentee landlordism in all forms should be abolished forthwith. Moreover, the system of casual wage employment by non-cultivators should be prohibited and replaced by long term labour contract simulating the working condition of owner-cultivators.

The position of those resources where the Nature's contribution comprises the bulk of the end product as in tree-culture is somewhat similar to the capital assets yielding large dividends of technology. There are three alternatives about their ownership—individual, corporate or State. All production systems where the Nature's contribution or technological additive accrues in bulk like forestry and organised industry should be socially owned so that dividends are amenable to social control. The larger units should be owned directly by the State while the medium and smaller units can be managed by corporate bodies and cooperatives. The tiny units, which can be managed exclusively with the labour of the members of a family, may be treated differently. They can be individually owned. Even here it may be remembered that the additive due to technology may be quite large as in the powerloom industry and ist

retention in full by a family owning the loom cannot be justified. In fact, with increasing automation much larger units can now be managed by small groups of shareholders or even a family. These large dividends cannot be claimed by individual owners simply because they can mobilise capital and manage technology. Such families can be allowed to retain only a reasonable share in that dividend of technology. The mopping up of the balance of the additive in the modern sector will be a comparatively easier task. It can be accomplished with reasonable success through suitable policies on money, interest, taxation and pricing.

With equitable distribution of the dividends of non-labour elements in the national economy, the benefits of development can be expected to inform all sections of the society. Equitable distribution of this surplus will inhibit emergence of an exclusive leisure class. Moreover, as the benefits of technology get further diffused even within a dualist technological frame, the net labour input for production of physical goods and services will decrease. This will mean the people in general will have more time for non-economic activities and leisure. This will be particularly welcome in the context of our national parameters of unfavourable natural resource-manpower matrix which set a stringent limit to the production of physical goods purely on ecological considerations. The use of higher technology will get reflected firstly in the reduction of working hours of labourers in all sectors of our economy. Secondly, the optimal size of resource-base necessary for self-employed people to earn a reasonable living will be reduced. A larger share of time in each family will be available for non-economic activities. This could include cultural activities and also leisure. It is for the fulfilment of this part of man's life that all economic activities have to provide support and necessary infrastructure. If this facet of individual's life is well-planned and properly designed, it will improve the quality of life in the family, in the community and in the nation at large.

Realigning Development Programme— A Micro Level Action Frame

CHAPTER 15

The structural changes at the macro level discussed in the preceding chapter will lead to more equitable command over means of production and distribution of gross national product besides countering many of the deprivation processes. But what happens at the micro level will still remain unpredictable unless the common man becomes conscious about due entitlements. It will also be necessary to suitably realign developmental programmes so that there is no backlash and benefits accrue directly to the deprived. In designing these programmes the conventional percolation theory must be abandoned for it has miserably failed the nation during the four decades of development. Instead we can reasonably depend on capillary action for diffusion of benefits amongst the non-poor as economic situation of the masses improves.

Our review of rural development plans shows that they follow general sectoral approach and comprise a variety of sectoral programmes covering a wide spectrum. The poverty alleviation programmes comprise a special package of schemes which generally supplement sectoral schemes but in some cases can even determine the main thrust. These schemes broadly comprise two categories, *viz.*, (i) asset building and (ii) income generation. A number of income generation schemes, however, are devoted to infra-structural development and building of community resources which tend to accentuate dualistic processes. Consequently, they may help the poor in the immediate context but do not serve their long term interest. The impact of all rural development programmes including poverty alleviation programmes in any area taken together on the condition of the deprived and different sub-groups thereof, therefore, is quite unpredictable.

A rural development plan dedicated to poverty eradication in the immediate context must focus on creation of opportunities for gainful employment for the deprived. The precise action plan in this regard, however, will depend on the local situation. Some local economy may be quite

resilient, yet the weaker sections may be denied an equitable share therein for one reason or the other. In this case the major thrust will have to be on redistributive processes. On the other hand, the local economy itself may be quite weak and may not be capable of providing even bare sustenance to all the people. The strategy of intervention in this situation will be quite different. Mere equitable distribution will not do. Development of economic potential and redistributive measures must go hand in hand. As local economy picks up, need for external support will diminish and gradually disappear.

The long term plan for rural development should ordinarily comprise programmes for optimum development of resource-base, upgradation of the skills of the people and diversification of economy. But for eradication of poverty this plan must be subject to certain stringent conditions which should ensure to people due entitlements in the gross local product as also access to and control of productive assets. Firstly, the deprived must be liberated from situational bondage in their struggle for sheer survival by creation of opportunities for gainful employment wherever necessary. Secondly, the components of action plan concerning development, distribution and defence of the deprived should be so arranged that all of them together comprise a consistent system which may depend on external intervention for countering deprivation initially for sometime but should be capable of engendering as a part of the development process such positive forces which make external intervention unnecessary and the System itself acquires inner dynamism for self-transformation into an egalitarian structure.

The results of a variety of schemes taken up for rural development during the past four decades are quite significant. But these programmes are hedged with numerous constraints because of which a substantial section of the deprived are denied the intended benefits. Moreover, other adverse forces are too powerful which may even more than neutralise the gains which some of them may get. Therefore, the schema of rural development in its present form is not capable of building a deprivation-free self-sustained rural economy. It needs to be reviewed and programmes therein must be realigned with reference to the situation of the last man so that he is not by-passed on any account whatsoever.

Let us first be clear about the place of employment generation in rural development. Creation of employment opportunities through external intervention can be only a temporary measure of support to the deprived and the first step towards poverty eradication. Therefore, it will be necessary to ensure that these programmes do not accentuate social inequity as, for example, is the case with development of physical infrastructure in remote areas in the absence of effective protective measures and economic development programmes. The situation of the deprived does not improve there but becomes worse. Secondly, employment generation should not become an end in itself and be allowed to degenerate into proverbial exercises of 'digging of pits and filling them up' or 'building of

pyramids'. Such schemes usually get infested with vested interests and may lead even to demoralisation amongst the deprived themselves. Employment generation, therefore, should be planned with a long term perspective of rural development. Besides solving the problem of the deprived for the day it should have a co-equal goal of gradually building up their asset-base so that they become self-reliant within a reasonable time-frame.

The above proposition by itself will not be enough. The reasonable time-frame, which may be envisaged, may be too long and even if indigent deprivation may end, relative deprivation may accentuate. Employment generation, therefore, must be used as an instrument of positive intervention by the State to realign economic forces and for restructuring the rural economy. In the absence of a clear perspective about basic issues a progressive measure like Employment Guarantee Scheme can become regressive. For example, the wages under EGS in Maharashtra are linked to the minimum wage in agriculture irrespective of the type of work taken up under that scheme and higher statutory minimum wage for that work. The rationale for this linkage is that the employment guarantee scheme should not disturb the demand and supply position in agricultural labour market and thereby adversely affect the farmer's economy by raising the wage level. The statutory wage level here, which is quite low, is accepted as reasonable and EGS is used to keep the labour force going at a minimum subsistence level during the lean season, which could be drawn upon by farmers as and when they feel like according to the need of the day.

We have noted earlier that a sort of pseudo-rationalisation of labour-use is being forced on the agricultural economy by bigger farmers and landowners. The State by adopting an approach as in EGS becomes a privy to that vicious process. The statutory minimum has in effect been treated as a ceiling rather than as a floor. This is perversion of a noble concept. The rural worker is denied his legitimate due not only as an agricultural labourer but also what he could otherwise claim as a non-agricultural worker. The State should have used this scheme for raising the prevailing agricultural wages while the statutory minimum could have remained low as the floor. If some farmers cannot afford higher wage, they would be obliged to make a choice. Some of them would be forced to resort to personal cultivation rather than depend on sweated labour of others. The bigger farmers and absentee landlords would find agriculture non-profitable and relent their hold on the land in favour of one who is prepared to sweat. The minimum which can be expected from the State is that it does not bestow on exploitative wages double legitimacy through State action.

A Labour-Use Centred Planning Frame

As poverty eradication becomes the central theme of rural development, utilisation of labour and creation of employment opportunities will become the pivot on which all other programmes will revolve. Such a

labour-use centred plan is not only desirable in terms of equity but will be the best choice on considerations of optimal resource utilisation and operational effectiveness. Our country has attained such a level of agricultural production that subsistence needs of all its citizens can be underwritten. The accumulated stocks of foodgrains have been used from time to time for creation of permanent assets using available manpower. But utilisation of foodgrain production potential and labour reserve has not assumed the centrality which it deserves ; it has not even received due consideration at the policy level.

A labour-use centred plan will, in the immediate context, place purchasing power in the hands of the poor as token of their entitlement on wage-goods in the market. This will put an end to the despicable situation in which large foodstocks and hungry millions tend to co-exist. Secondly, if certain wage-goods including food articles are not being produced in such quantities which may be sufficient for meeting the basic minimum needs of the people, as unfortunately is the position even with regard to foodgrains, the new entitlements will bring about desirable change in production portfolios and also investment patterns at the national, regional and local levels. This will counter the elite bias in development which has plagued even production of essential commodities. For example, while millions face severe malnutrition as production of pulses has remained unchanged, best lands are being merrily diverted to cash crops like sugarcane and even tobacco. Thirdly, the State will be able to effectively intervene on wage issue through raising it to a reasonable level in employment programmes. Lastly, as labour-use is planned for creating viable economic base for the deprived, employment generation schemes will become self-liquidating. It will also help in bringing family-based activities to the centre of the national economy.

Village at the Centre of Planning

A labour-use centred (LUCEN) plan with focus on the deprived both with regard to meeting their current needs and creating viable economic base in the long run, must necessarily begin with the village and grow organically around the village as a centre in the form of ever widening concentric circles. The economic potential of village economy depends on the people and their skill endowments as also on the resource-base and level of its development. The immediate task of a village plan should be to absorb the available manpower in full. This is not only a desirable proposition but also a feasible one. At present many a comparatively developed area, with higher employment potential, are attracting labour from depleted resource regions. Ironically mechanical operation of even employment schemes is becoming instrumental in flow of larger investments into developed areas since migrant labour inflates the figure of unemployed which further accentuates the initial differential. A village level LUCEN plan will automatically bring to the fore the need for higher public investment in depleted resource regions. In fact, advanced areas can do well without such investment since the population size is not beyond their carrying

capacity and even otherwise they should themselves generate substantial surplus for further investment. The realignment of investment with the employment needs of an area will benefit the deprived everywhere immensely for one simple reason. The labour will not be required to migrate away from their homes in poorer regions. While working within their known domain, they will be able to exercise free choice in work and improve their bargaining power which is denied to them at distant places particularly as contract labour where they work as mere serfs. On the other hand, as immigration of landless and marginalised farmers from poorer regions wanes, local labourers in advanced areas can demand better terms which will lead to more equitable distribution within the local economy. As available labour power is used imaginatively within each area, it will get transformed into relevant permanent assets which will provide economic base for the self, the neighbourhood or the community of which the worker himself is a constituent.

The next set of questions in a LUCEN plan will relate to the purpose and the way how the available manpower should be used for village development. The answers will obviously depend on the local situation. For example, in some villages the skill spectrum of people may be quite wide while in some others people may have no skills other than those concerning traditional agriculture and allied activities. In the former situation the plan should envisage profitable use of all available skills for diversification and development of the local economy. In the latter situation, however, labour may be used fully within the given parameters, e.g., for land development, tree-culture and such like. Simultaneously measures may also be taken for improving skills and their diversification. In due course, the village plan can be expected to comprise a reasonable mix of primary, secondary and tertiary activities which together should provide an opportunity for self-expression and fulfilment to each member of the village community.

The need for generation of employment opportunities and using available labour for building up village resource-base is readily accepted. Nevertheless, there is wide divergence of opinion on related issues such as use of and rights over common resources, sustainable land-use, role of corporate sector, place of the marginal and the deprived sections in asset-building and form and quantum of assistance. Divergence on these issues is largely due to differences in perception and priorities with regard to ecological considerations and economic and social equity. Optimal development of privately-owned resources do not pose serious problems since they basically concern mobilisation of financial resources and use of new technological know-how. However, even in their case stringent regulation of the style of resource use will be necessary to ensure that labour-intensity of resource use is not reduced as happens, for example, when agricultural land is used for tree-crops and irrigation for sugarcane. The considerations about resources not privately owned are quite different and their development is a

vexed issue, particularly on account of varied claims for their use and also access to and command over them.

Be as it may. One thing is clear. The ambit of natural resource-base utilisation in the rural economy now should be enlarged beyond conventional uses of land for agriculture and allied purposes. But we do not have even a fair estimate of physical dimensions of natural resources-base. For example, until recently the estimates of area formally classified as forests stood at 23% of the total geographical area. Now land-set-imagery shows that only about 11% area is under forests. Thus, about 12% of geographical area in the country comprises depleted forests. Further, about 20% of the geographical area is formally recorded as 'not available for agriculture' popularly known as wastelands. Then there are extensive lands which are marshy, salinity affected, covered by water bodies and so on. Thus, the extent of natural resources which are unutilised or remain to be optimally utilised is huge. On the other hand, the ecology of wastelands and depleted forests has become extremely fragile and they may be lost irretrievably if their consumptive use continues and the growing pressure on them does not relent. It will be a great tragedy both for the people and ecology particularly because they have tremendous potential for serving the cause of both provided they are wisely harnessed. We will, therefore, consider in some detail the possibility of evolving a strategy for sustainable development with equity and take tree-based activities to illustrate the same.

Tree-Culture for Equity and Sustainable Land-Use

A striking contradiction is emerging in land-use at the national level. While good agricultural lands are being diverted to non-agricultural purposes agriculture is being extended to marginal and sub-marginal lands not really suitable for agriculture. In either case both land and labour are sub-optimally utilised simply because landowners can thereby make larger profits and also dispense with their loathsome dependence on hired labourers. We will not dwell on this crucial issue about equitable use of privately owned lands here and proceed to consider the possibility of reversing the process of extension of agriculture to unsuitable lands and instead using them for tree-culture in a broad sense which can be ecologically sustainable, economically viable and socially equitable.

Numerous models are possible for tree-culture with a variety of choices about ownership of assets created, scale of operation and style of management. The ownership may vest in State, a corporation, a limited company, landlords, workers' cooperatives, small farmers or landless labourers. The scale of operation and style of management will to a large extent depend on who the entrepreneur is. We may consider two extreme situations in which tree-culture activity may be taken up by big entrepreneurs, be it the State or a corporation (BE model) or by the workers themselves who may become small owners of the asset so created (Small Owner or SO model). In the first model the benefits will accrue to the people as

wage earners while in the second the person concerned will be self-employed.

In the second model the unit of tree-culture programme cannot be larger than what can be managed by a person with his family labour. The logic is simple. If the unit is larger, the person will be obliged to use hired labour from another family. There is no reason why the other family itself should not be helped to build the resource-base for itself. In other words, the unit area could be reduced and the benefit extended to more persons. However, the tree-culture unit in terms of its area cannot be the same for all types of tree crops because the quantum of labour required for different crops is highly variable. Suitable norms for different tree crops will have to be evolved for family size units.

Tree-culture essentially harnesses the forces of Nature which manifest themselves in great profusion in a tropical country like ours. This basic strength of our production plans is missed simply because our models copy the style of countries in the temperate zone where Nature is harsh and man has to struggle real hard against it. The Nature's potential, however, cannot be fully harnessed unless micro parameters in each locality are fully understood and due personal care and attention are bestowed to nurture the same. In other words, tree-culture programme need not be labour-extensive as is generally believed. It can and, barring some exceptions like sparsely populated hilly regions, should be labour-intensive so that not only labour power is fully utilised but the forces of Nature are also optimally harnessed.

The belief about tree-culture being labour-extensive has a basis. This perception has its roots in the style of management of State-owned forests. The limited interest of State in this case has been in the 'dead wood' for which the only human effort required is for felling the tree. Even as State becomes interested in commercial plantation, a little more labour is required but not much except for planting, weeding and felling. In fact, the basic struggle here *is against* the forces of Nature and effort is directed to support and harness only that part of Nature's potential which has exotic commercial use. The same premises hold good in BE model tree-culture, but not so in SO model where the background is quite different. The common man has learnt through ages how to use the great diversity of natural products in his micro world. A broader spectrum of resource-use, therefore, can be envisaged in an SO model which will make a big difference for economics of tree-culture. It will drastically reduce points of conflict against forces of Nature and create conditions for optimal utilisation of natural resources.

There is yet another aspect of tree-culture which concerns protection against man. When forest resources were plentiful there was no significant conflict between the State and the people even though the former arrogated their ownership, ignoring rights of the people. However, as struggle for existence became increasingly severe, conflict between the State and the

people has been on the increase and in many areas has become acute. Fencing is of no use and even electrified wires and men with guns behind them will not be able to repulse the force emanating from the burning fire of hunger amongst the deprived. The cost of protection has transgressed mere financial dimensions even though financial outlays continue to mount as desperate bids are being made to save the situation without understanding the nature of that fiery force. In the SO model, particularly if the programme is taken on a large enough scale, the cost of protection will be zero and even otherwise protection would become part of the ordinary chores of family life and not an activity with financial implications.

With such incomparable parameters the unit cost of tree-culture programme for big entrepreneurs is much higher than for small owners. Nevertheless, the BE model continues to be supported and even preferred on inadequate understanding and specious premises. In terms of our earlier analysis the big entrepreneur in a tree-culture programme really corners the Nature's contribution even though highly truncated because of narrow use-base. These projects are viable because in comparison the cost including that for protection and labour is low. Flourishing tree estates are being established taking advantage of (i) liberal financial assistance especially provided ostensibly on ecological consideration, (ii) unemployed labour force, (iii) low wages and (iv) sub-optimally utilised land resource. The achievements can be termed laudable provided the narrow input-output frame is purposely used and the fact that both resource-base and labour force are sub-optimally utilised is glossed over and long term social goals are consciously ignored. In effect, in these schemes a part of the floating labour, victim of deprimed unemployment, is converted into tangible capital assets using the medium of money-capital and the land-base both provided by the State. The person whose labour has been capitalised in the form of new assets can expect to have no other claim on it except whatever he may have already earned by way of wages and may earn in future as a casual wager.

The basic question at this stage, therefore, is whether the person who lays the foundation of asset-base can be brought to the centre of the scene. Here again we are up against conceptual distortions in project planning. The BE model is simple and can simulate an idealised mould. The input-output equations are clear. The investment comprises fixed and working capital including cost of land, if any, and its development, fencing, planting material and other inputs as also the wages of labourers spread over the gestation period. The same methodology is superimposed on the SO model unmindful of vital differences between the two situations. The investment in the SO model is taken to comprise three components, *viz.*, (i) investment in the form of materials, (ii) wage for initial plantation and its maintenance and (iii) sustenance for the family during the gestation period. The third element in the SO model is extra compared to the BE model because the use of labour in that model is fully 'rationalised' and there is no need to carry the load of idle labour which, for the time being, may not be required in the

SO model. The provision for sustenance essentially represents the cost of carrying this so-called idle labour. But the first two elements in the two models are taken to be the same notwithstanding the big difference with regard to cost of plantation and its upkeep particularly protection noted above. Similarly on the output side the substantial benefits which the small owner can get from the same resource-base using his skill, knowledge and effort are conveniently ignored. The conclusion is predictable. The SO model is dubbed as non-viable and is tolerated, if at all, as a welfare measure but not as an economic proposition. No wonder SO models have not been able to graduate beyond a 'token-gesture' stage.

The parameters will stand transformed if they are perceived from the people's end. The kernel of tree-culture is capitalising of individual labour which is otherwise commandeered by the big estate owner in the BE model ironically through State support with funds from financing institutions or directly from the state itself. The labourer can retain the command over this resource-base provided the fallacies introduced in the SO model of tree-culture projects are removed and its strong points are recognised. These are : (i) the cost of protection for a small owner is insignificant, (ii) both labour and land-use are optimised and the output package is much larger than formally estimated and (iii) the provision for sustenance during gestation period is not justified and is based on wrong premises.

The last point will need some explanation. The poor man is not sitting idle nor is he being supported by someone in that state. He is incessantly engaged in a struggle for eking out a bare living through his hard labour for which he does not get even a full wage. The intensity of labour-use amongst the poor including members of their families is quite variable. Sometimes everyone may be drawn to work while at others there may be a complete void. The quantum and intensity of labour in tree-culture programme are also highly variable and are also amenable to considerable adjustment, diurnal and seasonal. This double flexibility of the need for and supply of labour is highly propitious because it can enable the person to adjust the schedule and duration of work in tree-culture programme in such a way that it does not conflict with the schedule of paid work. In effect it will mean that he gets an opportunity to use his spareable labour time, even though by over-stretching at times, to create productive economic asset.

Nevertheless, a contingency when a family may not be able to divert even a part of its wage labour to take up asset-building activity for the self cannot be ruled out. It is here that State support becomes relevant. If a person could get accommodation to the tune of wages the family might have otherwise earned, there is a choice. The person can spend the day in his personal project and get entitlement for State support or he may go out to work elsewhere and earn a living for the day. In the former case the labour diverted from other employment will get capitalised. In fact, the occasions for such diversion of labour will be far and in between both because of illusive employment market and substantial flexibility in labour-

use in tree-culture. The accrual of benefit through State support for labour-use in tree-culture is likely to be substantially larger than any loss of wages. Tree-culture, therefore, will be akin to a subsidiary occupation and yield additional income to the family. As the family involvement in asset-building programme increases its reliance on other activities will decline. Finally, when the new asset begins to yield the stipulated benefit, the family would have become fully self-reliant. In other cases the tree-culture may remain only a subsidiary occupation enabling the family to become viable by supplementing its earnings from other activities. The crucial point, therefore, is to plan for and also convince the people that they can create personal economic assets with State's support provided they work systematically according to a plan. If this is done a breakthrough would have been achieved and sub-optimally utilised resources—both human and natural—would have been optimally utilised.

From Family Labour to Village Labour

While the unit of planning for labour-use and building of resource-base for the deprived as illustrated in tree-culture programme will be the family, in some cases cooperation may be necessary on a larger scale. Moreover, there are some tasks like land reclamation and water harvesting which have to be taken up in much larger blocks. Therefore, the ambit of labour-use becomes larger than that of family but ordinarily it need not be extended beyond village. Therefore, like 'capitalising family labour' 'capitalising village labour' will also be relevant in village development. It has, however, to be ensured that in the scheme of entitlements in the benefits from new assets the deprived are included in the list and the last man is put at the top. The contribution of labour, albeit wage labour, and entitlements of landless people and marginal farmers as well as small farmers may be reasonably balanced out. But the position of bigger landholders will be different. Their labour contribution will be much less compared to labour required for development of resources they command. In resource-rich areas every member of the community can be expected to acquire a resource-base which will fully absorb family labour. There will be no surplus labour to spare for use in larger estates which, if at all, will have to be developed on a different model. In other areas village labour may be used for developing larger estates as well which, however, must be done only after all other resources including common resources have been fully developed. Moreover, labour-use for that purpose should not be construed as conferment of legitimacy on these estates, an issue which has to be tackled at a different level. The terms of assistance to bigger farmers should be different which should aim at wider diffusion of new benefits which may accrue to them.

Building up of community assets should also be a part of the scheme of labour-use whose phasing, however, must conform to poverty eradication priorities. Some assets like educational buildings and health centres should come first, in fact even before family-centred asset-building program-

me starts. Irrigation works may also be taken on a priority basis but development of marginal resources relevant for the deprived should take precedence over irrigation. Programmes like road buildings whose benefits are highly skewed should be taken up the last, notwithstanding the glitter and fancy value they command in elite schema.

As the labour-use plan outlined above is implemented a state of full employment will be achieved in no time in all villages in areas with favourable land-man ratio. Every family will also acquire a resource-base in due course and there will be no scope for hired labour in these villages except as a part of mutual obligation. In labour surplus areas, however, there will be a spurt in wage employment in the beginning and a state of full employment will be created for sometime because every village in our country today needs large investments to develop full potential of its natural resources. As resource-base is gradually developed employment potential of the economy will also rise but may not become large enough to support the entire population. Therefore, even while the labour-use plan is in full swing providing work opportunity to all people, a beginning should be made for creating alternative employment opportunities for those whose labour may not be required for building up of resources or otherwise after the peak of labour-use plan has passed. This brings us to the question of broadening the economic base and diversification of rural economy.

Diversification of Rural Economy

The village people ordinarily possess a variety of skills other than agriculture which are necessary for the functioning of a traditional economy. While services of some skilled groups may be limited to the village, the ambit of others may be larger and comprise a group of villages. The relevance and also the relative valuation of traditional skills, however, have undergone significant changes in the wake of new developments. Some of them are simply not required, others are facing keen competition while still others suffer because of prejudices. Some people, therefore, may require further sharpening of their skills, others may need retraining and also new skills for the changing requirements. Nevertheless, available indigenous skills should be taken as the base over which new skill structure should be built. Moreover, the primary goal should be to strengthen the village economy and diversify it as an increasingly self-supporting and self-sufficient system.

Towards Self-sufficiency in Wage Goods

The plan for a self-sufficient village economy should appropriately begin with wage goods. In fact, as labour in the village is fully used, income in the village will rise. This will lead to a steep rise in the demand of wage goods in the beginning which may taper off in due course. Consequently, production programme should comprise a balanced portfolio of food articles, cloth for daily use and housing in that order. A proper land-use plan, which may include growing of foodgrains, oilseeds, pulses and dairy

products, should be possible. The energy needs of the village, particularly for cooking, have also to be met as far as possible locally. The decline of cotton mills in the recent years and emergence of powerlooms as also handlooms as viable alternatives provide a unique opportunity for redesigning national textile production pattern for the masses. A group of villages can be a unit for production of even quality fabrics. Rural housing traditionally has been based on local raw materials and their designs are suited to local climate. The growing dependence on the exotic raw materials and exotic designs is creating a situation which is ecologically hazardous and physically uncongenial. This process must be checked. The new advances in technology should be harnessed for re-establishing local self-sufficiency in housing with improved standards but suited to the life style of the people and climatic conditions. Suitable measures should be taken to train traditional artisans in new techniques which may enable them to design and construct improved buildings.

Urban Market

The potential of urban market may be kept in view in the village plans but without losing the perspective. The ignominious obsession in our planning to link even poverty alleviation programmes to vulgar elite market must end. One of the major constraints, for example, in dairy development has been its reliance on the elite urban demand, unmindful of the potential of rural economy. In fact, elite market for primary village produce is bound to be limited due to their numbers and also because their much lower *per capita* demand. Moreover, their fad for package and form, demand for processed articles and concomitant intermediation result in highly inflated prices at the consumer-end in cities. Not only the share of primary producer, thus, is being progressively reduced in high price products, the effective *per capita* demand for basic goods, that is, end product, *minus* package is also declining. In contrast, rural market is vast and has advantage of proximity. Moreover, primary products here are preferred in raw form. Any scheme designed for meeting local needs will be smaller in size and less sophisticated. Therefore, such schemes will be within the technical competence and financial capability of the common man. The focus on local economy will yield increasing dividends as the base is further strengthened. Linkages with urban market may not be ignored, yet they must be accorded only secondary position in a balanced rural development plan.

The bias against vocations of lower castes and the traditional exploitative relationship between these groups and the larger community also must end. These vocations should be delinked with their caste associations. They should be accorded due professional status and fully integrated with the local economy. In the beginning members of traditional castes will naturally form the core of relevant vocational groups but with a difference. They will acquire confidence and dignity as they participate in the economy on terms of equality and the valuation of their skills sheds the traditional

bias. This frame will be conducive to horizontal and vertical mobility which will help in erasing the memory of an unhappy past. For example, the supra-structure of maternity services should be built on the sound base of expert services of traditional *dai* who may be suitably trained in new skills to the extent necessary. The services of scavengers should be given professional status and due regard should be given to the uncongenial conditions of work while fixing their remuneration. Flaying, tanning and shoe-making are ideal vocations for decentralised planning. The traditional artisans should be enabled to acquire new skills and necessary capital-base so that they can get reintegrated in the economic system. The benefit of technological advances and growing market should accrue to them in full and they should not remain condemned as at present to drudgery and uncongenial sectors of their traditional occupations.

Village Grain Bank

Another important aspect of village plan is supply of wage goods at reasonable price. Centrally operated programmes in this regard particularly concerning food articles have some inherent limitations. The accrual of benefits in many cases is rather skewed. The experience of payment of wages in kind under food-for-work programme, however, has some valuable lessons for policy. This system has raised the real wage of workers significantly. But what is more important, the system has ensured that concessions in the form of cheap grains do reach the poor and only the poor. The real problem generally is that while it is difficult to exclude the better off sections, it is equally difficult to reach out to some of the poorest people simply because they have no purchasing power or they may be living in remote areas.

There are two important aspects of the current foodgrain supply-demand situation which should be carefully reviewed. Firstly, at the micro level poor people have to sell away bulk of their produce just after the harvest at a low price and then are required to purchase the same a few months later at a higher price. Both these trading transactions are not only infructuous but wasteful whose burden has to be borne by the poor. They involve high costs of transportation and storage, exorbitant profit of middlemen and inflated interest charges on revolving capital. Secondly, even though the general movement of foodgrains in the country at the macro level is from surplus areas to deficit areas, there are sizable flows and counter-flows, eddies and whirls, due to seasonal variations in demand and supply in different regions, sub-regions and micro regions and also on account of logistics of storage and such like. Overhead cost of these operations is too high which ultimately again falls on the poor. The heavy subsidies on foodgrains by the State essentially go to neutralise the operational costs, much of which is infructuous. The most odious facet of this deal is that it creates a milieu for keeping the procurement prices low whose effect on the rural economy is most regressive. An alternative design for procurement and supply of foodgrains, therefore, is necessary.

We may begin with the producer. If a farmer does not have a surplus, he should be enabled to retain his produce for personal consumption. The same principle should apply at the village level. Every village should retain sufficient stock within the village for meeting consumption needs and seed requirement of the entire village for one year or more. The purchase of foodgrains from farmers having surplus should be organised at the village level which should go first towards building up necessary stock in a village Grain Bank. Only surplus foodgrains should move out of the village. Employment guarantee with a provision for payment of wages in kind or an entitlement to draw on the village stock against work done will enable the needy farmers to meet their deficit and the landless to draw their entire foodgrain requirement from the Grain Bank.

It will be necessary to maintain a buffer stock for meeting unforeseen contingencies, say, for a group of villages at *anchal* level. The surplus foodgrains not needed for the villages/*anchal* Grain Banks may be taken over by a State or national marketing organisation.

Local produce in deficit areas will not be sufficient for maintaining the local Grain Banks. A regular inflow of foodgrains, therefore, should be planned from surplus areas to deficit areas through State trading agencies. Some intermediate areas may yield surplus in a good year which will need to be taken out and may have deficit in a bad year when import will be required. The surplus areas, on the other hand, will export foodgrain on a continuing basis. These flows and counterflows may be systematically planned so as to keep transportation of foodgrains to the minimum. The storage points should be evenly distributed over as large an area as possible. The building up of infrastructure for stocking of foodgrains should be taken up as the very first item under the new labour-use based village plan.

Institutionalising Decentralisation

The reversal of the top-down process of planning and building up of rural economy from below will require some basic structural changes in our economy. The outline of a new genre of politico-administrative institutions at the village and *anchal* levels directly responsible to the people in the true image of Gram Swaraj has been given earlier (pp. 180-186). The ideal type of economic activity in a modern system is highly centralised which is usually based on raw materials drawn from a large area and depends on sale of end products over a still larger area. Even serious efforts at decentralisation are basically addressed to mere dispersal of location of industries without much change in their basic structure. Khadi and Village Industries, one of whose core premises is decentralisation, have also followed the same path and have implicitly adopted the same model. They depend for many of their products on the outlets serving the small elite market. Consequently, State assistance follows the same model and is generally provided in the form of subsidies on capital and transportation, concessions in interest rate and taxes and such like which promote dispersal to some extent but not decentralisation.

The question is how to support those decentralised economic activities which may be designed to draw their factors of production from the local area and also address themselves to the local demand. This objective can be achieved if a system can be devised which may give premium to local demand-supply balancing. The village or *anchal*, as the case may be, may be taken as the unit for this purpose. Those activities which are amenable to decentralisation may be identified. They may include, for example, processed food articles, agricultural implements, textiles, leather, soap and such like. The first task will be to upgrade and/or build up the necessary skill-base within the village or *anchal* and also provide the needed support—technological, financial and organisational—so that the quality of product is assured. Measures should also be taken for providing protection to their products against competition of mass-produced goods. But the assistance for this purpose should be strictly limited to a level at which local production can fully meet local demand but nothing more. Further, there should be a built-in premium on self-sufficiency by the local communities in as large an area of economic activities as possible. Some of the current policies like flat system of pooling transportation costs is unnecessarily straining the transport system. The extra burden on the national economy on account of large scale unplanned movement of raw materials and commodities is not being neutralised by scale of economies of centralised systems as is generally believed. In most cases the control is monopolistic and prices are administered. To the extent decentralisation reduces pressure on transport and also dispenses with intermediation the national economy will be the net gainer. These gains should be shared through system of devolution to village and *anchal* Panchayats as we will discuss later.

Comprehensive Village Plan

The discussion in the preceding sections leads to need for preparation of a comprehensive plan for each village and also a group of villages within the overall frame of the plans of larger areas. A comprehensive village plan should comprise four parts, *viz.*, (i) management and development of natural resources and entitlements of individuals, groups and the community to use them, (ii) skill development of people and diversification of village economy, inter-linkages with other villages in the *anchal* and the place of *anchal* in and its relationship with the economy outside the *anchal* (iii) quality of people's life including child development, women and family welfare, social relationships, entitlements and access to social services and participation in cultural and leisure time activities and (iv) quality of economic life covering all facets of economic life in the village such as wages including informal leasing of land, share-cropping, credit and marketing and institutional infrastructure therefor wherever necessary.

The people everywhere may not be ready for preparing such a comprehensive plan based on egalitarian principles. Individual and group

interests may clash. Therefore, this comprehensive plan frame may be used as a goal and the plan may be allowed to evolve beginning at a level where the people may be able to come together and work on the basis of consensus. As egalitarian forces are strengthened, area of common understanding will increase and the village plan may gradually approximate the precepts of the comprehensive frame.

A village plan, however, must begin with a minimum programme which should comprise eradication of poverty as the main theme. An attempt at preparing a village plan without consensus on this vital issue will be futile. Once this minimum kernel is accepted, economic programmes can be built basically on three underlying premises, viz., (i) full utilisation and optimal development of all natural resources, (ii) full utilisation of available manpower and upgradation of people's technical skills and (iii) creation of a viable economic base as far as possible for all members of the community beginning with the weakest amongst them. Moreover, while programmes should primarily be built around use of manpower and skills available within the village, there should be a provision for adjustments by way of cooperation amongst neighbouring villages for executing bigger projects. A contingency labour-use plan, therefore, should be prepared for each village which should indicate the broad purpose for which the village labour is likely to be used in the course of, say, next five years or so and contain specific programmes for not less than two years.

The plans of all villages in an *anchal* together with certain higher level programmes of common interest for the *anchal* as a whole should comprise the *anchal* Plan. The *anchal* level programmes should also be taken up exclusively using available labour force within the *anchal*. There may be some scope for labour mobility even for village level programme within the *anchal* which, however, should be in the spirit of mutual co-operation and reciprocal obligation.

The village plans should be prepared by the people in the village with the guidance of experts in the field. The *anchal* Plans may be prepared by a representative body at *anchal* level. The village and the *anchal* Plans, however, will have to be within the financial parameters which may be indicated to them by the State authorities but with no other constraints whatsoever. It will be for the experts to convince the people about the merits of a proposal which may be recommended by the higher tiers.

The development programmes should be strictly planned around available knowhow and technology in the village and local resources. The programmes should be prepared in a simple form so that they are within the comprehension of the people and also amenable to their scrutiny, guidance and control. For example, a *pukka* building for school involves preparation of a building plan by an architect, estimates by an engineer, execution by a contractor and transportation of building materials from long distances. Even if the building work is assigned to a village body, it will be dependent on other agencies and will be at their mercy. The children in the village can as well go to a school which is like their homes ; what

matters is the quality of teacher. Therefore, the design and specifications of buildings should be indigenous. The real contribution of an architect or an engineer could be to give new ideas to the people to improve their traditional designs so that in the process they can acquire new skills as well. There should be no superimposition whatsoever lest the initiative passes to the other side and people again become dependent on their verdict. Similarly in land development programme indigenous technology suitably guided by soil conservation experts should be the basis for preparation of schemes. The people will thus be enabled to assimilate in full the benefits of development, acquire new skills, gain new confidence to solve their problems and move ahead on their own according to their precepts and vision.

Financial Resources for Poverty Eradication and Rural Development

One of the basic conclusions of our analysis of rural economy in general and poverty issue in particular is that if various processes of deprivation, distortions in entitlements, manipulation of economic system in general and of money management in particular, inequitous sharing of burdens of State apparatus and capital formation for development, etc., are countered, poverty will get dissolved and rural economy will bloom on its own. Nevertheless, while long term institutional realignment as an ideal may be pursued, which will yield dividends in due course, some urgent measures can be taken with minimal modifications in the existing frame. This will pave the way for eradication of poverty within a reasonable time frame even though egalitarian goals may still remain a long way off. We will, therefore, take up some of the important premises for building up the first stage structure.

(i) From Dole to Wage Entitlement

Assistance in poverty alleviation programmes is generally based on two underlying principles : (i) simple transfer of resources in favour of the poor for enabling them to build up suitable resource-base, (ii) compensatory support to individuals for making such economic activities viable which otherwise would be non-viable on account of additional costs involved due to unfavourable resource matrix and even social handicaps. Assistance in the latter form becomes increasingly relevant as we move to the marginal and sub-marginal natural resources. The weaker sections of the community who own such resources are doubly disadvantaged. They start with an initial handicap being deprived of a reasonable share in better resources in the village and then are required to bear extra cost for making those resources economically viable.

Subsidy in either form has serious limitations. When assistance finally reaches the last man, it is heavily laden with obligation and for all practical purposes assumes the form of a dole notwithstanding underlying principles of equity and justice. The initial reaction to subsidy throughout the country was that of amused scepticism, outright rejection and, at best,

reluctant acceptance. The articulate were the first to step out of the traditional value mould, which enjoined on them not to expect anything but due return for one's honest labour, and accepted cash assistance. In course of time the less articulate also joined the elite. A new milieu has been created now in which subsidy, nay, *ex-gratia* State assistance is solicited for all sorts of things without a blink. While distortions in the perception about State assistance for village development during 1950s led to the decline of community development spirit, similar distortions in beneficiary-centred poverty alleviation programmes are turning the poor into mere supplicants before the very same system which is responsible for their deprivation and inducing them to accept a new theology in the spirit of faith in which inequity is portrayed as legitimate and benign. The general perspective about the rural poor as ignorant, even a destitute, soliciting doles, devoid of self-respect, to say the least, is perverse. It is a legacy of our colonial past and those who plan and implement poverty eradication programmes must free themselves of this idle fancy about the poor and discover the man that is deprived.

These assistance programmes, including direct transfer of valuable assets to the poor under schemes departmentally executed or even otherwise, have other serious limitations as well. Here it is difficult to ensure that the weakest are the first in the queue. The cost of asset-building becomes exorbitant and subsidies meant to assist the poor are not even adequate to cover the extra cost due to diseconomies and malfunctioning of the system. Moreover, the assets may really be unwanted by the poor and may be beyond their capacity to manage. Consequently, they may be alienated for small considerations.

Assistance in the form of subsidy in any form, thus, is not desirable. The programmes for poverty eradication should be so designed that the deprived become entitled to a living wage in return for an honest day's work. This will give him a sense of dignity and self-confidence. In a programme, which envisages building of assets exclusively through use of family labour, all distortions in selection of beneficiaries will disappear. While those interested in easy money will stand excluded from such a scheme, the deprived will welcome it and come to the centre of development scene. Use of personal labour in creation of assets will add an emotional dimension to those schemes which is crucial for their success in the long run. Moreover, each individual will be able to design and plan his work with ingenuity, creativity and devotion according to his needs, rather than being required to accept whatever comes his way under any scheme since in any case it is a big favour, if not just a dole.

The requirements of funds for labour-use at the village level should become the first charge on developmental outlays in the State plan. The absorption capacity of a village or even a region in this approach will be determined by available labour force therein. This will act as an automatic check against artificial demands usually propped by considerations political, regional, sectional or ethnic. Some other operational problems of financial

planning, particularly when schemes involve transfer of money, will also be resolved. For example, there will be no question of the deprived being loaded with unproductive liability which happens very often simply because money may not have been used for the desired purpose. It will also obviate the possibility of funds being diverted to lower priority activities. Thus, for all practical purposes there will be no constraint of resources for rural development. The available resources, even when limited, will become available for investment in all areas according to their needs reaching out to the remotest parts in the country.

All assistance to people including that for asset building to the deprived should be in the form of a loan. The assistance should cover all contingencies including urgent needs of the poor for current consumption and also for discharging social obligations. The loan to the poor including landless labourers, marginal farmers and smaller artisans should be interest free. The rate of interest for the people in the middle groups may be concessional while for higher groups it should be normal.

The local economy should increasingly become self-reliant and the obligation of the State to provide support to the community for various purposes should wane. In the final stage, as the economy becomes stronger and is capable of producing surpluses which, in the context of the general economic situation cannot be reasonably claimed exclusively by the local economy, should be shared suitably with other areas at the level of the region, State or nation, as the case may be.

(ii) Use of Dividends Relatable to Non-Labour Elements

As the squeeze on the rural sector relents and the terms of trade become equitable, the dividends relatable to non-labour elements in the net produce will in general accrue to the farmer. However, the actual benefit to individual farmers will depend on their personal situations which are highly variable.

As noted earlier, the Nature's contribution should accrue in full to the agricultural labourers. While owner-cultivators will be entitled to it as tillers of the land, non-cultivating farmers should be obliged to pass it on to labourers as higher wages. Thus, traditional owner-cultivators by and large will have no surplus for pooling. But as agriculture develops, dividends relatable to technological input will appear and their share in the net produce gradually will rise. A part of these dividends could be retained by the farmers as an incentive but exclusive entitlement cannot be reasonably conceded in their favour. The State has made no effort so far to mop up these dividends which have already accrued to some farmers and some regions. Besides other reasons like pressure group dynamics, a major problem in this case is that any scheme of taxing agricultural income operated centrally is bound to be plagued with large scale evasion and rampant corruption. Moreover, in view of the extreme variabilities of physico-climatic parameters of micro economies of farmers, high susceptibility to a variety of natural hazards and geographical dispersal, any external assess-

ment will be largely personalised. It will make the levy highly regressive casting gruelling burden on those least prepared while those who can pay may go scot-free.

The only way to mop up the dividends accruing to the agricultural economy equitably and without distortions is to bring them under social control of the community at the local level where there are no secrets other than the mystique of the formal system. In view of the hold of power-structure within the community and reluctance of gainers to share the dividends, sharing should be made obligatory through a Central legislation. The principles of sharing should be clearly defined in a form which should be within the comprehension of the common man. The Gram Panchayat and the Anchal Panchayat should be obliged to collect the surpluses which should become their internal resources for development. The assessment of what is due in accordance with the law should be made in the open in a general meeting of the Gram Sabha. The decision of the Gram Sabha should be appealable before the Anchal Council by the assessee or any other member of the Gram Sabha. The decision of the Anchal Council should be final.

The system of mopping up these dividends should be so designed that there is a premium on labour use in all economic activities and built-in incentive for community sharing of fruits of development. For example, bigger landowners may be allowed to retain a part of their net produce after meeting the cost of cultivation as an incentive for better personal application. But this part may be kept at a level equivalent to the ratio of the total labour cost of cultivation to the value of gross produce. For example, if the gross produce is valued at g , the net produce at n and the cost of labour is 1, then the farmer will be entitled to retain $1/g \times n$ and will be obliged to share $\frac{g-1}{g} \cdot n$ with the community. In this formulation

the owner-farmer will be required to weigh between the two alternatives of using labour and using labour-saving devices. The latter may increase his net produce but he will be required to concede a substantial part of it to the community. On the other hand, if he uses more labour, his net produce may not be high but the share which he will be entitled to retain for himself will be larger. In this formulation the owner-cultivator will not be required to pay any tax whatsoever. Similarly if the owner of an orchard does not use it for commercial purposes and fruits are enjoyed by the community, there will be no liability for taxation. But if he decides to sell the produce, a large part of its proceeds will go to the community since the labour cost of its maintenance will be insignificant.

The purposes for which the internally raised resources can be used will also be crucial. The common man should become interested in this surplus being mopped. Therefore, the first charge on these surpluses should be that of social services including education, health and nutrition of children. The next on the list should be development of local resource-base through loan assistance to the poor as discussed earlier. Infrastructural

development should come last. As economic situation of the village improves it should become self-supporting not only with regard to social services but also extension services. This will relieve the burden on the State exchequer and the need for augmentation of local resources through subventions by the State will disappear. However, such an ideal situation may not be achievable for all villages in all the regions in the foreseeable future. It will, therefore, be necessary that those villages particularly in depleted resource regions which cannot raise resources locally should continue to be suitably assisted by the State. Even in these cases, as a principle, it must be accepted that each community should strive to move along the path of self-sustained growth.

Every village and Anchal should have a Consolidated Fund of its own. All funds received by the Village and Anchal Councils from the State should be credited to these funds. A substantial part of these funds will be for maintenance of services needed for functions assigned to the Councils. A part of these funds will, however, be for building up of community assets and, therefore, expendable. The assistance for programmes of labour use for asset building will be received by these Councils as grant but will be passed on to individuals in the form of loans. Similarly the big squeeze on the rural economy through the credit system due to the unbearable interest levy and heavy overhead of exotic institutions, co-operatives included, should end. Whatever resources are necessary for providing financial accommodation to the rural people should be given directly by the Council as grant for establishing a revolving fund and its augmentation from time to time. Therefore, out of the consolidated fund of the Village Council a separate Revolving Fund should be created in which all funds received by the Council for individual beneficiary programmes and for credit purposes should be transferred. The amount realised by the Council in settlement of earlier loans for development or otherwise and interest thereon should be credited to this revolving fund. This fund may be used by the Village Council at its discretion for development, creation of community assets, strengthening social services and such like.

The Village Council should be accountable to the Gram Sabha for proper utilisation of funds. The system of accounting should be simple and in consonance with the system of planning and execution of developmental plans suggested earlier. It should be within the comprehension of the people so that accountability becomes real. The Gram Sabha should have powers to reallocate funds subject to a ceiling on expenditure on personnel and a lower limit on the funds relatable to labour use and asset building for poverty eradication. A detailed and comprehensive audit should be arranged every year. The auditor should place his report before the Gram Sabha in person and explain the relevant points. He should also seek their direction for further action which should be incorporated in the audit report. Its implementation should be checked in the next audit and reported to the Gram Sabha.

APPENDIX 1

Mathematical Representation of Contemporary Indian Socio-Economic Situation in Terms of Basic Dichotomies

We may take family as the unit and bread-winner in the family as the reference point for the purposes of this analysis. The term person, unless otherwise specified, will mean family or bread-winner, as the case may be. We will consider only five characteristics of the socio-economic situation with reference to which every person in the country may be classified. These are : (i) level of income, (ii) level of social status in the traditional hierarchy, (iii) level of education, (iv) level of urbanisation of the place where the person is located and (v) level of organisation of the person's economic activity.

Let us take a five-dimensional space in which each axis corresponds to one of the five characteristics, say,

OA—level of income,

OS—level of social status in the traditional hierarchy,

OE—level of education,

OU—level of urbanisation of the place where the person is located,

OR—level of organisation of the person's economic activity.

Let the origin O represent in each case the lowest level such as (i) no income, (ii) lowest social position, (iii) state of illiteracy, (iv) no urban characteristic or remote rural setting, and (v) casual work with no element of organisation respectively. Other points on the concerned axis depict a higher level in that characteristic in an ascending order.

Let us arrange all persons in the country according to their incomes in an ascending order. In case the incomes of two or more persons are the same they may be given consecutive numbers at random. Let this serial be :

$$p_1, p_2, \dots, p_n, \dots$$

where p_n is the n th person.

Let the income of p_n on the Income Axis OA be represented by the point a_n . Since all persons were arranged initially according to their income levels

$$a_1 \leq a_2 \leq a_3 \dots a_n \leq a_{n+1} \dots$$

Now all these persons can be assigned a position on each of the other four axes also according to their situations in life. Suppose the position of p_n on OS, the Social Hierarchy Axis, is s_n . The position of p_n in the plane AOS will be represented by coordinates (a_n, s_n) . The order of persons on

Diagrammatic Representation of Basic Dichotomies

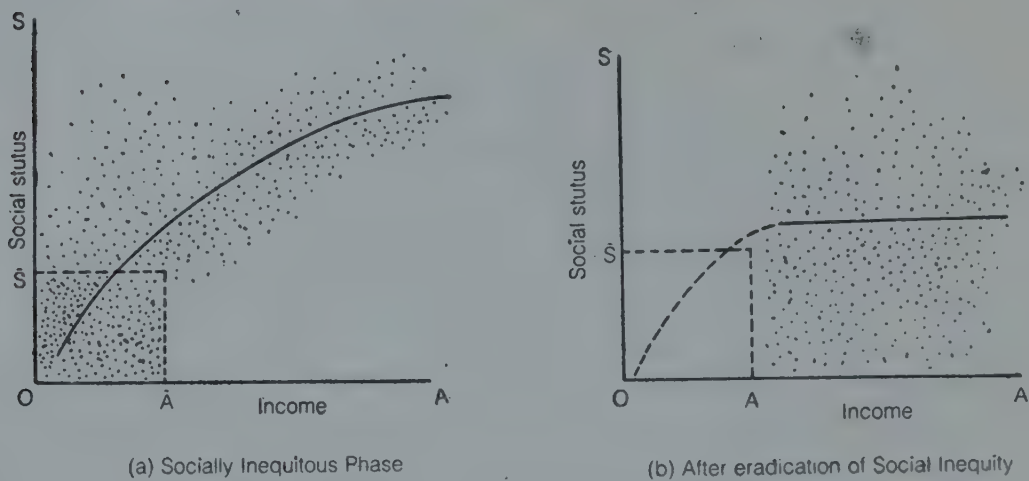


Fig. 1: Variation of Income with Social Status

the Social Hierarchy Axis need not be the same as on the Income Axis. i. e., s_n need not be less than or equal to s_{n+1} . However, if we fix the position of all persons on the Income-Social Status Plane AOS, a pattern is likely to emerge. The persons with lower social status are likely to be low on income scale also. Therefore, there will be heavy clustering in the lower-left quarter of the plane AOS. We can draw a curve of 'best fit' on this plane which will indicate the relationship between income and social status of a person.

We can do similar exercises on the other three planes, viz., Income-Education (IOE), Income-Urbanisation (IOU) and Income-Organisation (IOR). Let the position of p_n on each of these axes be represented by e_n , u_n and r_n . Again, even though the order of persons on any one of these axes need not correspond with their order on the Income Axis, the income of persons who are low on any of these axes is likely to be low. Consequently, there will be a clustering of points in the lower-left quarter of the three other planes as well. A curve of 'best fit' each can be drawn on these planes which will indicate the relationship between income of a person and the position with regard to the concerned characteristic.

Now the place of every person can be uniquely fixed in the five-dimensional space on the basis of his position on each of the five axes by the coordinates :

$$p_n (a_n, s_n, e_n, u_n, r_n).$$

All these points will appear in the five-dimensional space in a scattered form but with heavy clustering near O, the origin. A 'best fit' five-dimensional figure covering all these points will generate a meta-cone.

Now let us divide all persons in two groups : (i) those whose incomes are below poverty line, say, with incomes less than $\bar{a}$ and (ii) others on or above that line with incomes equal to or more than $\bar{a}$. The partitioning of people on the Income Axis OA will be quite neat. All those below the

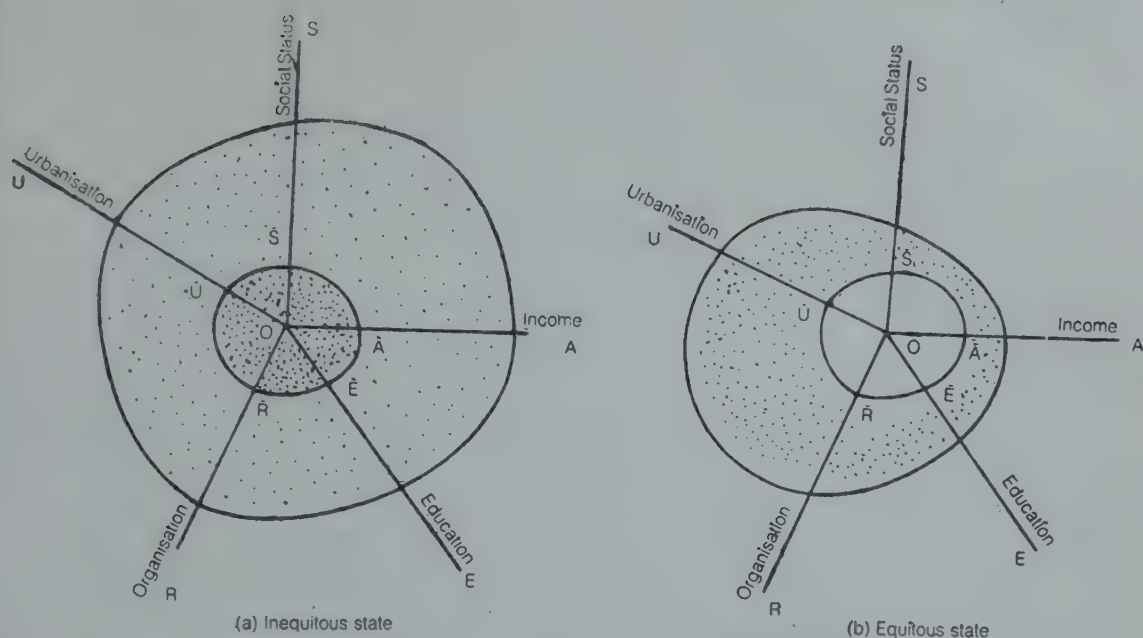


Fig. 2: Income Variation and Four Dichotomies

poverty line will be located within the line-segment $O\bar{A}$ where $O\bar{A} = \bar{a}$. But the position on other axes will be different. Let us, however, determine one point on each axis corresponding to levels $\bar{s}$, $\bar{e}$, $\bar{u}$, $\bar{r}$ such that bulk of the poor people may be located on those axes on segments $O\bar{S}$, $O\bar{E}$, $O\bar{U}$, $O\bar{R}$ respectively.

Now if a figure is drawn through the points $(\bar{A}, 0, 0, 0, 0)$, $(0, \bar{S}, 0, 0, 0)$, $(0, 0, \bar{E}, 0, 0)$, $(0, 0, 0, \bar{U}, 0)$ and $(0, 0, 0, 0, \bar{R})$, it will cut through the meta-cone and divide it in two parts. The metoconoidal surface passing through these five points will become the base of one part of the meta-cone on the axis side, say, mini-metacone and the inner surface of the frustrum, say, meta-conal frustrum.

The mini-meta cone is the cauldron of the deprived where most of them are located. As a person moves up on any one of the four non-Income Axes, the chances are that he may move out of that cauldron. As the nation moves towards an egalitarian social order a person's position on the non-Income Axes should not make much of a difference for his economic position. None should be found in the $O\bar{A}$ segment of the Income Axis. The mini-metacone will disappear. Moreover, the metacone will continually collapse into a four, three, two and one dimensional figures like the shell of a cylinderoid, the shell of a cylinder, a simple plane and a straight line as the differentials with regard to other characteristics also wane.

APPENDIX II

Nature of Employment and Unemployment Below Subsistence Wage Level

The phenomenon of low wages in the unorganised sector is taken as an expression of market forces of demand and supply of labour. In the context of such a simplistic diagnosis of a deep-rooted malady the implications of extremely low wages for the condition of labourers and other related issues and also for the employment situation itself have not claimed much attention even at the conceptual level. The most ominous consequence of a low wage norm accepted implicitly, if not admitted explicitly, is the growing polarisation in the national economy as a whole as well as within the rural economy. The most potent force behind this polarisation is the operation of the vicious circle of low agricultural wages and marginalisation of owner-cultivators. The polarisation is becoming increasingly acute in the absence of an effective and considered policy for State intervention. In fact, the State's policy about minimum wages in agriculture has been vitiated not only by the biased perceptions but also to a great extent due to the fact that the operation of this vicious circle has not been noticed. Consequently, even statutory minimum wages have been allowed to remain so low that they are not sufficient to provide even bare subsistence to a nuclear family and in some cases not adequate for their physical survival either.

An important premise of the classical economic theory is positive correlation between wage level and labour supply. As the wage level rises supply of labour increases and *vice versa*. This premise obviously holds good for employment in any segment of the national economy and even the organised sector as a whole. The rest of the economy or the unorganised sector, in this case, serves as a reservoir from which new supply of labour emanates as wages rise in the organised sector and conversely that wave recedes and gets subsumed in the vast expanse of that great reservoir as wages fall. In fact, all intra-sectoral mobility of labour is largely in response to prevailing wage differentials amongst different sectors.

But the relationship between wage level and labour supply in the national economy as a whole is quite complex. Firstly, if the general wage level, that is, the average wage in the employment market, remains the same, *prima facie* the labour supply should remain constant. All relative changes in wages in the economy, therefore, will affect only the distribution of labour force as between different sectors and different economic activities within a sector but not the total employment situation. This will, however, be true only if the range of wage rates and their distribution within

that range remains the same. This is because the labour response to changes in wages is not the same in all income brackets. For example, the response to variations in wages, of the labour aristocracy who are located at one end of the wide wage spectrum will be qualitatively quite different from the response of famished labourers at the other end who do not earn even sufficient for bare subsistence. While the behaviour of labour under ordinary conditions is fairly well understood, the labour response to variation in wages below the subsistence level is not known. Consequently, the likely effect of relative changes in wages, even while the overall wage level may remain the same, will depend on the dynamics below the subsistence level which accounts for bulk of the labour force in our economy.

Now let us consider the situation of a change in the general wage level which induces change in the supply of labour. We may assume that the people in the country broadly comprise three categories, *viz.*,

- (1) fully self-employed,
- (2) self-employed but partly dependent on wage employment, and
- (3) fully dependent on wage employment.

Suppose there is a change in general level of wages but other parameters of the national economy remain the same. The labour supply is, therefore, likely to vary in response to this change. The variation in the supply of labour will be through one or more of the following modes :

- (i) variation in the labour intensity of workers in category 3 already employed,
- (ii) variation in the utilisation of additional labour from the families of workers in category 3,
- (iii) variation in the number of persons in category 2 and the quantum of work undertaken by them, and
- (iv) variation in the relative size of categories 1 and 2 induced by the change in wages.

Take the last point first. It is well known that it is the better prospects in the organised sector, even after discounting the conditions of work, which are attracting the self-employed artisans and cultivators particularly the younger generation in preference to their traditional vocations. Similarly a number of persons in villages come forward to work if wages are good, who otherwise may not consider doing so. Their response is likely to be that of withdrawal from the employment market if condition therein becomes less favourable.

The response to variation in wage level of people in other categories is likely to be mixed. The most notable premise about labour supply in the developing countries is that the supply curve of labour bends backward even as the wage rises to a moderate level in view of the general preference for leisure even amongst the poor who are used to 'low' standards of living. This premise, however, may hold good in those situations where the prevailing wages are reasonable and in any case above subsistence level, for example, in the organised sector, so that the wage earner could consider

trading off higher incomes to greater leisure. There is no question of a reasonable standard of living, high or low, for the bulk of our people who are struggling for sheer survival. The great void which the people face below subsistence level is not leisure. The dynamics in their case is entirely different. The backward bending of supply curve of labour, therefore, can at best concern a small section of labour force like regular wage earners in the organised sector and quasi-organised economic activities. It does not significantly affect the employment situation in the developing countries. As we will see, the economy below the subsistence level has many other surprises for economic theory having far reaching implications for poverty eradication and employment strategy.

It appears that the overall wage employment situation in a country depends upon four important factors :

- (i) the general level of wages compared to income level of the self-employed in other sectors ;
- (ii) the wage structure below the subsistence level and the economic situation of self-employed at comparable levels in other sectors ;
- (iii) the extent of dependence on wage labour of those self-employed people who cannot be fully self-employed on account of resource constraint or otherwise ; and
- (iv) the general disposition of people towards work, quality of life and level of living.

We will consider the effect of these factors on employment in an idealised setting for a clearer understanding of basic issues involved and associated processes. Let us assume that only one member in a family is required to work for earning a reasonable living and that there are sufficient work opportunities in the economy so that one member in every family is gainfully engaged in an economic activity on a continuing basis. We may designate this state of employment in the economy as 'optimal equilibrium state' of employment and the prevailing wage rate as the optimum state wage level. In this situation the response of people to variation in wage will depend on the prevailing conditions in the self-employment sector. Much will also depend on their general disposition to life. Let us assume that the situation of those fully self-employed remains unchanged for some time. We will, therefore, consider the response of those in categories 2 and 3, that is, those who are wholly or partly dependent on wage employment.

If the people dependent on wage employment are content with the standards of living which they are enjoying a wage rise could lead to reduction in labour input as they may prefer leisure to higher incomes. It is this situation which is reflected in the backward bending of employment curve of classical economics. However, in case of wage decline the response may be quite mixed. Some of those who are partly dependent on wage employment may withdraw from labour market since they may consider that the return for their labour input is not worth the trouble and they may make do with whatever they are earning as self-employed. How-

ever, some other people may decide to put in more labour to make up for the loss of income due to wage decline. Similarly it is not necessary that the responses of all those who are fully dependent on wage employment may be the same. There is considerable resilience in the personal economies of even ordinary people. Some of them may prefer not to change their work schedule and make do with a smaller wage packet.

This state of uncertainty about labour response ends as we reach the wage level which is just sufficient for bare subsistence. At this stage a person has no option to withdraw his labour if the wage declines and he has nothing to fall back upon. A substantial section of our population like the landless people and even a large number of marginal farmers belong to this category. They are, therefore, obliged to remain in the employment market irrespective of the wage level. Thus there is an irreducible mass of what may be termed as 'reserve labour force' in the economy. So far as employment of these people is concerned there is an element of compulsion—they must seek work for subsistence. This compulsive element is responsible for a qualitative change in the labour response to wage decline below the subsistence level. In fact, the nature of employment itself undergoes a sea change here. The minimum which a person can expect in exchange for his labour is the fulfilment of subsistence needs of the family. Any wage rate which does not guarantee this minimum is inequitable whose acceptance by the concerned people, in fairness, cannot be described as voluntary and free choice. This inherent compulsion of the economic system and the associated deprivation are reminiscent of slavery and bondage, though with a difference. The bondage in this case is not to an individual but to a class and is an integral part of the economic system. The state of employment and unemployment in such a situation, therefore, must be distinguished from the ordinary state of employment and unemployment in an economy where ruling wages are above subsistence level with an element of free choice.

We may designate that wage level as subsistence level at which the income of one person in a family is sufficient for meeting the subsistence needs of the entire family. If the wage is less it will not be possible for one person in the family to earn for its upkeep. But the family has to survive. Therefore, the quantum of labour input required for earning family subsistence increases in direct proportion to the decline in wage level. There are two possible ways to meet the new situation. Firstly, the earning member himself may decide to put in extra hours of work. Secondly, other members of the family may decide to share the burden and participate in work. As the wage level continues to decline the labour force will grow on both these counts. The choice about the alternative adopted by a family to meet the new situation would depend on the situation of that family. We may, however, idealise the setting and assume that there are two phases in this new struggle for survival of every family living below subsistence level. In the first phase the bread-winner continues to struggle on his own and puts in more and more labour until he reaches a limit beyond which it

is not physically possible to strain any further. At the end of this phase he is exhausted and looks for help from his own dependents. The wage rate at the stage where the bread-winner has to work so hard as to face physical exhaustion, therefore, can be designated as *exhaustion level* wage.

In the second phase of this raw struggle for sheer survival, as the wage further declines and is below the exhaustion level, other members of the family are forced out from their home and are sucked in by the employment market. In this struggle a stage is finally reached when not only all members in the family have to join the labour force but each one of them is obliged to strain upto the limit of physical exhaustion. At this stage the old would have been forced out from their leisure, children from their school and women from their homes. The supply of labour is maximised and reaches the physical limit beyond which it cannot further increase. These deprived people, in fact, virtually join the ranks of destitutes as the wage reaches a level which is just sufficient for their physical survival in a wretched condition. This wage rate can be termed as *destitution level* wage.

If the wage further declines and moves below even the destitution level, the labour supply will remain constant for some time. Even destitutes can sustain for some time without outward manifestations. But this cannot continue for long because these people gradually lose vitality and get debilitated. They also become susceptible to a variety of diseases and ailments. Even an ordinary infection may become a serious hazard and result in loss of life. Here is a twilight zone of hunger, debilitation and disease where it is difficult to say whether the death toll is really due to starvation or disease. The supply of labour cannot be maintained at the earlier level at this wage for a long time. There is a gradual decline. But at this stage the decline in labour supply is qualitatively different. This decline is not because people are not willing to work but because they are unable to work. Here people enter hunger zone where they begin to starve, get debilitated and finally perish. The decline in labour force may set in even as the wage level may remain the same. The decline now is in time dimension. It is also possible that there may be no decline in absolute numbers. The number may remain the same or may even rise as the deprived continue to reproduce themselves biologically. But the span of their active life may decrease. The child may join the labour force at a tender age as earlier but may get exhausted and exhumed at an early age in crude contrast with the expanding life span amongst the affluent at the other end. But that is a matter of detail and these differences may be subsumed in statistical averages which may continue to show a rosy picture. It is also possible that some other forces, good or bad, may take over at this stage and help them out from that kernel of hunger.

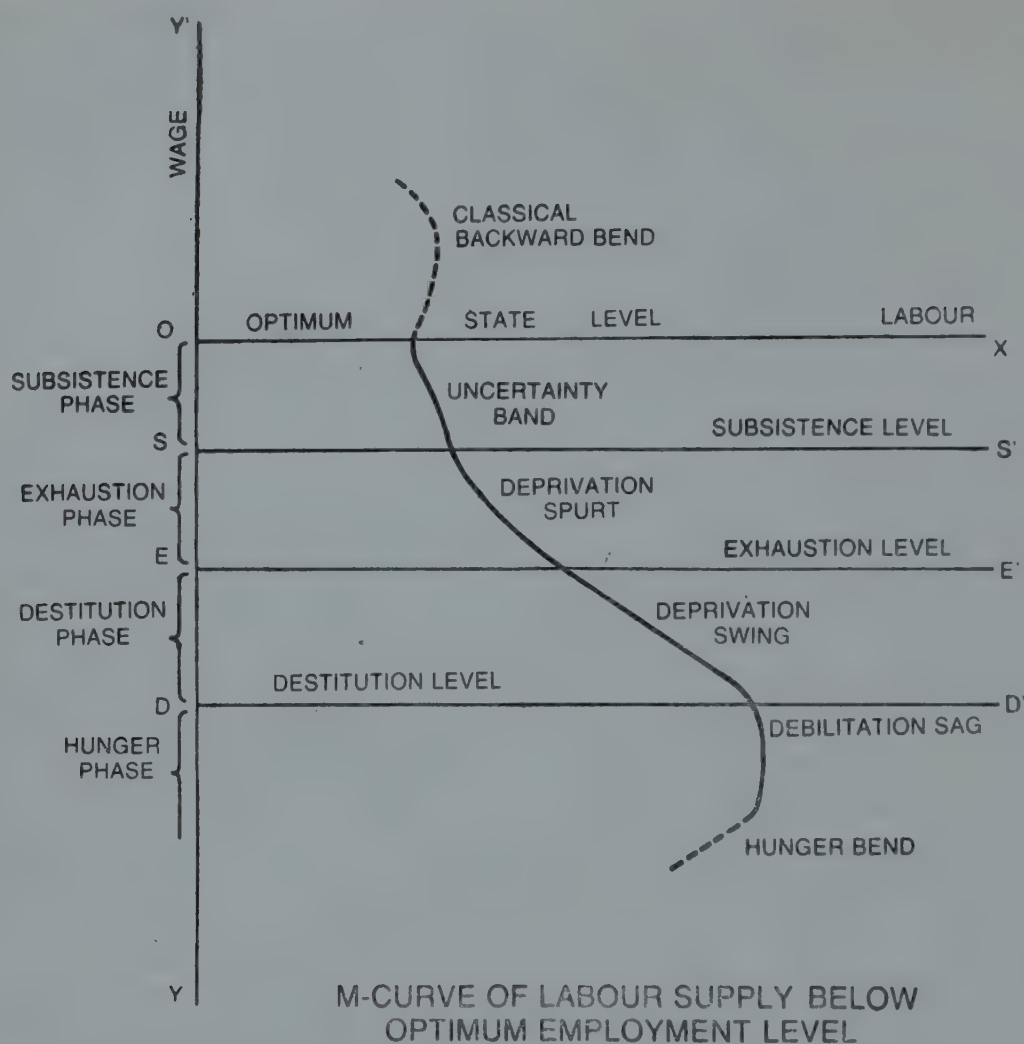
Thus, the world below the subsistence wage level is quite different from the world above—it has its own ways, its own laws and its own norms. The most prominent feature of employment in this world is deprivation. If one member in a family could earn sufficient to ensure a

reasonable level of living for the family which is accepted as the central premise of wage and salary determination in the organised sector, others would not have joined the labour force. This search for employment by those who should not have entered it and the related rising tide of the unemployed, therefore, cannot be taken as a normal feature of the national economy. This tide is induced by processes of deprivation which are neither inevitable nor uncontrollable. A larger part of unemployment in our country is induced by deprivation and, therefore, belongs to this special category. This genre of unemployment should appropriately be termed as deprivation induced unemployment or *depriduced unemployment*.

The analysis so far has shown how people at and below subsistence level would respond to the challenge of declining wages. It has nothing to do with the availability of work opportunities which could remain the same. In other words, employers can take advantage of the haplessness of resourceless people, the ambivalence of the State on wage issue, the general milieu of exploitative wages being accepted as reasonable and the specious logic of abysmally low wages being ascribed to glut in the labour market. The labour is at the mercy of their employers who enjoy collusion of silence and their monopolistic control. However, there is another facet of this situation. If the prevailing wages are low, the quantum of work which can be offered to wage labourers increases. A larger number of people can afford not to work with their own hands since they can draw upon this mass of labour reserve on payment of nominal wages. It is obvious that such employment opportunities would not have arisen in deprivation-free wage situation. This employment, which comprises a significant part of employment in our country, also falls in a special category, that is, employment induced by deprivation. It can be termed as *depriduced employment*.

M-Curve of Labour Supply below Optimum Employment

We may now proceed to give a precise formulation of the labour response to the variation in wage rate below the optimum state wage level with the help of a diagram. Let us assume that the axis OX represents the supply of labour and the axis Y'OY the wage rate. Let O on Y'OY represent the Optimum State Wage level, S the Subsistence level, E the Exhaustion level and D the Destitution level. Thus, we have broadly identified four phases below the optimum level : (i) subsistence phase (OS), (ii) exhaustion phase (SE), (iii) destitution phase (ED) and (iv) hunger phase (DY). The subsistence phase between the optimum state level and the subsistence level (OS) is full of uncertainty. The supply of labour may rise or fall. The labour supply curve, therefore, may move forward or backward, but in either case the relative change is likely to be small. As the wage crosses the subsistence level (SS') and enters the exhaustion phase (SE), the supply curve starts moving forward. This forward push is fuelled by the deprivation squeeze on the working class which gradually gathers momentum. As the wage reaches and crosses the



exhaustion level (EE') there is a big spurt in the labour supply. The supply curve, therefore, takes a swing forward and then moves on continually until the supply of labour reaches the physical limit. At this stage we enter the hunger zone (DY) which marks the beginning of debilitation and starvation phase. The supply curve sags and starts moving downwards. After some time it bends backward and in an added time-dimension continues in that direction as more and more people are rendered physically unfit for work. Thus, there are five distinct bands of the supply curve below the optimal equilibrium state level. These are (i) the uncertainty band, (ii) the deprivation spurt, (iii) the deprivation swing, (iv) the debilitation sag and (v) the hunger bend. This supply curve of labour may be called M-supply curve, M is used as a symbol of the swing-sag-bend ($\exists$) behaviour of that curve.

Conclusion

The employment situation in the unorganised sector of our economy broadly corresponds to the deprivation swing and debilitation sag parts of the M-curve. In some cases, however, it corresponds to the hunger bend band. In the context of this analysis reliance on the basic premises of classical economics about wage and employment will be inappropriate. It calls for a radical departure from conventional approach. It is clear that the cause and effect relationship between rising wage and higher labour

supply will not generally hold. A higher wage will increase the supply of labour only in respect of those groups who are located below the hunger bend. For the rest in the unorganised sector, who comprise bulk of the labour force, a higher wage will induce withdrawal of labour from the employment market. This withdrawal will not be induced by preference for leisure. It will be primarily because these people have a wish to lead a decent life like ordinary people in an egalitarian society. The old in the family would prefer to enjoy leisure in the final phase of their life, the young would better attend a school and the women would love to devote themselves to the serious task of creating a happy home for a fulfilling family life.

Another important conclusion of our analysis is that the number of persons seeking employment cannot be taken as an indicator of the extent of unemployment in the national economy. Nor the inability of a section of population to put in necessary physical effort is an indicator of their preference for leisure. If hungry people can get something to eat they would join the labour force. On the other hand, if one person can earn sufficient for upkeep of the family, other members will withdraw from the labour market. The extra manpower seeking employment on account of exploitative wages prevalent in the unorganised sector is really subject to the system's bondage while those who are unable to get employment even at these wage levels are afflicted by deprivided unemployment.

The most significant corollary of this analysis is that the key to the unemployment problem in the country is not creation of employment opportunities but due recognition of entitlements of workers in the gross national product. The glut in the employment market is because of exploitative wages. If the State can ensure, as it should, that the ordinary labourer gets a living wage as in the organised sector, which the economy can easily afford, the number of persons seeking employment will be drastically reduced, may be to less than one-half of the present level. The economy will move towards establishing a new balance between demand and supply of labour in which right to work will become a reality in no time.

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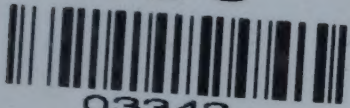
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